

KILPEST INDIA LIMITED

BHOPAL

FORTY SECOND ANNUAL REPORT AND ACCOUNTS 2013-2014

BOARD OF DIRECTORS	: MR. R.K. DUBEY CHAIRMAN & MANAGING DIRECTOR
	MR. D.K. DUBEY MR. N.K. DUBEY
	} WHOLETIME DIRECTORS
	CA. SHABBAR HUSAIN MR. R.K. CHOUBEY
	} INDEPENDENT DIRECTORS
BANKERS	: STATE BANK OF INDIA PANCHANAN BHAWAN BRANCH, T.T. NAGAR, BHOPAL (M.P.)
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.
CUTTACK SALES DEPOT	: APCO MARKETING, FRIENDS COLONY, CUTTACK
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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the FORTY SECOND ANNUAL GENERAL MEETING of KILPEST INDIA LIMITED, will be held at the Registered office of the Company at 7-C, Industrial Area, Govindpura, Bhopal 462 023 on Tuesday the 30th September, 2014 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of CA Shabbar Husain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R.K.Choubey, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration for the year ending on 31st March, 2015.

SPECIAL BUSINESS:

5. **REVISION OF REMUNERATION PAYABLE TO SHRI R.K. DUBEY, CHAIRMAN & MG. DIRECTOR.**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as an ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 197 & Schedule V Part II, Section I and all other applicable provisions if any, of the Companies Act, 2013, (including any amendment and/or re-enactment thereof the reappointment of Shri R.K.Dubey, Chairman & Mg. Director for a period of five years with effect from 1st May 2014 be and is hereby approved and that the terms and conditions of the remuneration payable to Mr. R.K. Dubey, Chairman & Mg. Director of the company be and is hereby revised with effect from 1st May 2014 as detailed in the explanatory statement attached hereto, subject to the overall ceiling of the total managerial remuneration for each year as provided under Section 197 of the Companies Act, 2013."

"RESOLVED FURTHER THAT the revised remuneration be payable for a period of five years from the aforesaid date of revision."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be considered necessary, proper or expedient in order to give effect to the above resolution".

6. **REVISION OF REMUNERATION PAYABLE TO SHRI D.K.DUBEY, WHOLE-TIME DIRECTOR.**

To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 197 & Schedule V, Part II, Section I and all other applicable provisions if any, of the Companies Act, 2013 (including any amendment and/or re-enactment thereof the reappointment of Shri D.K. Dubey, Whole-time Director for a period of five years with effect from 1st May 2014 be and is hereby approved and that the terms and conditions of the remuneration payable to Shri D.K. Dubey Whole-time Director of the company be and is hereby revised with effect from 1st May 2014 as detailed in the explanatory statement attached hereto, subject to the overall ceiling of the total managerial remuneration for each

year as provided under Section 197 of the Companies Act, 2013."

"RESOLVED FURTHER THAT the revised remuneration be payable for a period of five years from the aforesaid date of revision."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be considered necessary, proper or expedient in order to give effect to the above resolution".

7. REVISION OF REMUNERATION PAYABLE TO SHRIN.K. DUBEY, WHOLE- TIME DIRECTOR.

To consider, and if thought fit, to pass with or without modification(s) the following resolution as an ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 197 & Schedule V, Part II, Section I and all other applicable provisions if any, of the Companies Act, 2013 (including any amendment and/or re-enactment thereof the reappointment of Shri N.K. Dubey, Whole-time Director for a period of five years with effect from 1st May 2014 be and is hereby approved and that the terms and conditions of the remuneration payable to Mr. N.K. Dubey Whole-time Director of the company be and is hereby revised with effect from 1st May 2014 as detailed in the explanatory statement attached hereto, subject to the overall ceiling of the total managerial remuneration for each year as provided under Section 197 of the Companies Act, 2013."

"RESOLVED FURTHER THAT the revised remuneration be payable for a period of five years from the aforesaid date of revision."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be considered necessary, proper or expedient in order to give effect to the above resolution".

BY ORDER OF THE BOARD OF DIRECTORS

(R. K. DUBEY)

CHAIRMAN & MG. DIRECTOR

Place: Bhopal

Dated: 29th May 2014

Registered Office:

7-C, Industrial Area,

Govindpura, Bhopal-462 023.

CIN: L24211MP1972PLC001131

Ph: 91-755-2586536/2586537

Fax : 91-755-2580438 Website: www.kilpest.com

Email: kilpest@bsnl.in / kilpestbpl@yahoo.co.in dkdkilpest@yahoo.co.in

NOTES

- The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under item 5, 6 & 7 set out above is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
- The Register of Members and share transfer books of the company will remain closed from 21st September 2014 to 30th September, 2014 both days inclusive.
- Members are requested to notify immediately to the Company any change in their address.
- Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Company has engaged the Services of Central Depository Services (India) Limited (CDSL) for providing e-voting facilities. The e-voting rights of the Members / beneficial owners shall be reckoned in proportion to ordinary shares held by them in the Company as on 1st September 2014. The e-voting period will commence at 10.00 a.m. on 24th September, 2014 and will end at 6.00 p.m. on 26th September, 2014. The Company has appointed Mr. P.K.Rai, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. Detailed instructions for availing e-voting facility are being sent separately as a part of this notice.
- Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company or their respective Depository are requested to do so.
- To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register the same with M/s Adroit Corporate Services Pvt. Ltd / Depositories.

ANNEXURE TO THE NOTICE

(Explanatory Statement pursuant to Section 102 of the Companies Act, 2013)

ITEM 5, 6 & 7

The material provisions of the agreement to be entered into with Shri R.K.Dubey, Shri D.K. Dubey & Shri N.K. Dubey for their re-appointment / revision in the terms and conditions of appointment referred to in Resolution No. 5, 6 & 7 are as under:-

SALARY

ITEM NO. 5 Rs.65,000/- per Month (Shri R.K. Dubey)

ITEM NO. 6 Rs.60,000/- per Month (Shri D.K. Dubey)

ITEM NO. 7 Rs.60,000/- per Month (Shri N.K. Dubey)

Perquisites:

In addition to salary the following perquisites shall be paid subject to ceiling of the Annual Salary.

CATEGORY A.

1. **House Rent Allowance:**
House Rent Allowance as per Company Rules.
2. **Medical Reimbursement:**
Medical reimbursement for self and family, subject to a ceiling of one month's Basic Salary in a year.
3. **Leave Travel Concession:**
Leave travel concession for self and family, once in every year for travel anywhere in India. Family means the spouse, the dependent children and dependent parents.
4. **Club Fees:**
Annual Membership Fees, subject to a ceiling of one month's Basic Salary.
5. **Electricity and Gas:**
Electricity and Gas on actual.

CATEGORY B

The following perquisites shall also be paid to the Managing Director and Whole Time Directors and they will not be included in the computation of the ceiling on perquisites mentioned above.

1. Contribution to Provident Fund, Super Annuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
3. Encashment of Leave at the rate of basic salary at the end of each Calendar Year.
4. Bonus payable as per Company Rules.

CATEGORY C

1. Free use of Company's Car with driver for company's business and free telephone facility at the residence. These will not be considered as perquisites.

The proposed Resolutions are within the limits as laid down in Schedule V (Part II) of the Companies Act, 2013.

Where during the tenure of the Whole Time Directors, if the company has no profits or its profits are inadequate then the remuneration payable to each Mg. Director and Whole Time Directors by way of salary and perquisites will be subject to the ceilings set out in Schedule V, Part II of the Companies Act, 2013.

The Board recommends that the Resolutions at item No. 5, 6 & 7 be passed.

The Draft Agreements between the company, Mg. Director and the Whole Time Directors are available for inspection by the members of the company at the Registered Office of the company during business hours on any working day.

Shri R.K.Dubey, Shri D.K.Dubey and Shri N.K. Dubey as the recipient of the remuneration, they may be deemed to be interested in the respective resolutions.

The above may be treated as an abstract of the Agreement between Shri R.K.Dubey, Shri D.K. Dubey, Shri N.K. Dubey and the Company. The same may also be treated to be the Memorandum of interest under Section 190 of the Companies Act, 2013.

KILPEST INDIA LIMITED

REPORT OF THE DIRECTORS

To

Dear Members,

Your Directors have pleasure in presenting their Forty Second Annual Report, together with the Audited Accounts for the year ended 31st March, 2014 as follows:

FINANCIAL RESULTS

The highlights of the operating results for the year are summarized below:-

(Rs. in Lakhs)

	Year ended 31-03-2014	Year ended 31-03-2013
Sales Turnover	2098.79	1955.57
Profit before Depreciation	66.71	97.41
Less: Depreciation	22.84	21.55
Profit before Tax	43.87	75.85
Less: Provision for Taxation	6.14	19.20
Net Profit after Tax	37.73	56.65

PERFORMANCE FOR THE YEAR 2013-2014

Although the top line sales grew by 7%, but the bottom line was adversely affected as the extensive expenses incurred on marketing efforts could not be fully reduced due to bad effect of incessant rains, which continued till March, which not only affected the Kharif Crop yield, but also damaged the Rabi crops.

Company to reduce its dependency on local markets highly vulnerable to monsoon, has been focusing on exports markets and the efforts are searing results with exports started to Afghanistan, Jordan and Nepal, apart from the existing Bangladesh Merchant. With inclusion of newer molecules, product improvement through R&D, hopefully company will give better results in coming years.

The JV is scaling up well with new PCR diagnostic parameters introduced on existing customers demand and with increasing customers in coming years your company will become a dominant player in the Indian Diagnostic & Biotech R&D Field.

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:

- The company has followed the applicable accounting standards in the preparation of the Annual Account for the year under review.
- 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, 2014 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 R.K.Choubey & CA Shabbar Husain 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 INDIA, Relationship Manager RMME, Sales Hub, BHOPAL** for their support and co-operation.

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

Place : Bhopal
Dated : 29th May, 2014

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

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, 2014

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. Replacing all old bulbs with CFL.
- (b) Additional investments and proposals being implemented for reduction of energy consumption :
- (i) Elimination of heat losses in air- conditioning areas and all ac's kept at 24° C.
- (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

POWER AND FUEL CONSUMPTION

	Year ended 31-03-2014	Year ended 31-03-2013
1. Electricity		
(a) Purchased Units (KWH)	2,13,570	2,35,426
Total Amount (Rs.)	17,08,560	17,06,845
Average Rate/Unit (Rs.)	8.00	7.25
(b) Own Generator		
i) Through Diesel Generator		
Units (KWH)	580	1125
Units/Ltr. of Diesel	1.0	1.0
Cost/Unit (Rs.)	52.21	50.00
ii) Through Steam Turbine/ Generator	—	—
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	

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)	and other books maintained by the company, it is
Others (Specify)	impracticable to apportion the utilities.

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:

- a) Standardization of new protocol for large scale cultivation of antagonistic fungus *Trichoderma viride* through solid state fermentation.
- b) Optimization of production of Gibberellic acid from *Fusarium moniliforme* through solid state fermentation.
- c) Production, isolation, purification and characterization of novel antifungal compounds from *Streptomyces* species.
- d) Production of miticidal compounds (avermectins) from *Streptomyces* species through submerged fermentation.
- e) Development of antifungal biocontrol agent *Bacillus subtilis* for management of fungal borne diseases of agriculturally important crops.
- f) Development of protocol for production of liquid protein hydrolysate plant growth stimulator and fertilizer.
- g) Development of new parameters PCR based rapid disease diagnosis methods and kits.
- h) Development of mosquito larvicidal formulation based on *Bacillus thuringiensis*.

2. Benefits derived as a result of the above R&D :

- a) New method for production of *Trichoderma viride* through solid state fermentation was adopted for cultivation as a result of which sales volume was increased.
- b) Method for production of Gibberellic acid from *Fusarium moniliforme* is standardized.
- c) Complete process for production and extraction of antifungal compounds from actinomycetes has been optimized.
- d) An effective antifungal formulation based on *Bacillus subtilis* is ready for commercial production.
- e) Production of Liquid protein hydrolysate was stated and presently being commercialized as Fytozyme.
- f) Mosquito larvicidal formulation based on *Bacillus thuringiensis* was standardized and application for license is applied to CIB.
- g) Chelated microfertilizer (Zinc-EDTA) has been development followed by field trials.
- h) PCR based disease diagnosis has already been started at our Research Center.

3. Future plan of action :

- a) Commercialization of Gibberellic acid based products for crops.
- b) Commercialization of *Bacillus subtilis* based fungal antagonistic formulation for crops.
- c) Commercialization of mosquito larvicidal formulation based on *Bacillus thuringiensis israelensis*.
- d) Establishment of joint venture with national and international companies for making rapid progress in biotechnology.

4. Expenditure on R&D	31-03-2014	31-03-2013
(a) Capital	2,07,664	4,78,033
(b) Recurring	<u>23,83,839</u>	<u>20,95,973</u>
(c) Total	20,87,490	25,74,006
(d) Total R&D expenditure as a percentage of total turnover	1.25%	1.31%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Innovations made in manufacturing processes.
: New Products launched
: Existing Products improved.

2. Benefits derived as a result of the above efforts : Improved productivity and process efficiencies.
: Sales volume increased.
: Customer trust company's products.
: Brand image improved.
3. There is no imported technology involved this year.

Total foreign exchange used

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2013-2014	2012-2013
1. Foreign Exchange Earnings	2,08,23,769	1,01,85,838
2. Foreign Exchange Outgo	1,16,42,135	87,81,806

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

Dated : 29th May, 2014
Place : Bhopal

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