

CERTIFIED TO BE TRUE COPY

For KISAN MOULDINGS LTD,

[Signature]

Managing Director

9th ANNUAL REPORT 1997-1998

MID	✓	BKC	✓
CS	NA	DPY	NA
RO	✓	TRV	NA
TRA	✓	AC	✓
AGM	✓	SEI	✓
YE	✓		✓

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KisaN
MOULDINGS
LIMITED

KISAN MOULDINGS LIMITED

BOARD OF DIRECTORS

RAMESH J. AGGARWAL - Chairman

R. M. VAIDYA

R. D. SUVARNA

S. S. GUPTA

VIJAY J. AGGARWAL

SATISH J. AGGARWAL - Managing Director

AUDITORS

M/S. MITTAL AND ASSOCIATES

Chartered Accountants

Mumbai

BANKERS

UNION BANK OF INDIA

PUNJAB NATIONAL BANK

REGISTERED AND ADMINISTRATIVE OFFICE

23/25, Ashok Chambers, Devji Ratansey Marg,

Dana Bunder, Mumbai - 400 009.

WORKS :

L - 45, MIDC, Tarapur - BOISAR

Dist. Thane (M. S.)



KISAN MOULDINGS LIMITED

9th Annual Report 1997-98

NOTICE

Notice is hereby given that the Nineth Annual General Meeting of the Members of **Kisan Mouldings Limited** will be held at Vishal Hall, Sir Mathuradas Vasanji Road, Andheri (East), Mumbai-400 099 on Saturday, the 5th Day of September, 1998 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri R. J. Aggarwal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.S.Gupta, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/S. Mittal & Associates, Chartered Accountants be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting."

"RESOLVED FURTHER THAT the remuneration payable together with the out-of-pocket expenses, if any, shall be as such as mutually agreed upon between the Board of Directors and the Auditors."

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and to vote instead of himself and a proxy need not be a member of the Company. Proxies in order to be valid must be lodged at the Registered office of the Company not less than 48 hours before commencement of the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 31st August, 1998 to 5th September, 1998 (both days inclusive)

For and on behalf of the Board

Ramesh J. Aggarwal
Chairman

Place :- Mumbai

Dated :- June 29, 1998.

Registered Office :

23/ 25, Ashok Chambers,
Devji Ratansey Marg,
Dana Bunder,
Mumbai - 400 009.

**DIRECTORS' REPORT**

The Members,

Your Directors have pleasure in presenting the Ninth Annual Report on the operations of the Company together with the audited accounts for the year ended 31st March, 1998.

Financial Results :

	Current Year (Rupees in Lacs)	Previous Year
Profit before depreciation, interest and tax (PBDIT)	180.76	180.00
Less :- Depreciation	61.01	52.80
Interest	87.61	97.62
	-----	-----
	148.62	150.42
	-----	-----
Profit before tax	32.14	29.58
Provision for tax	4.00	4.00
	-----	-----
Profit After tax	28.14	25.58
Balance brought forward	52.86	27.28
	-----	-----
Profit carried forward	81.00	52.86
	=====	=====

Performance

Sales for the year 1997-98 amounted to Rs. 782.48 lacs as against Rs. 743.25 lacs in the previous year. Operations for the year, after providing for the depreciation, interest and taxation have resulted into a net profit of Rs. 28.14 lacs as compared to Rs. 25.58 lacs of the previous year. Increased competition coupled with persistent recession in the building construction industry, where the Company's products are mainly used, significantly effected Company's pace of growth in turnover and profitability for the year. However, Company's strategic planning, improved quality of its products, induction of new products and aggressive marketing have contributed to a growth in turnover.

Dividend

The Board of Directors with a view to conserve resources for future expansion in project and meeting working capital requirements, do not recommend any Dividend for the year.

Future Outlook

An expansion plan of the manufacturing facilities at Plot No.L-43,M.I.D.C., Tarapur has been drawn up for execution in the coming year to cater to the growing market requirements of the Company's products and induction of highly demanded new products in the Company's product range i.e. PVC Ball Valve, Lavatory seats and covers and introduction of SWR fittings of 90MM size with a capital outlay of Rs. 370 lacs approx.and will be financed through a term loan of Rs.240 lacs from Financial Institution/Banks and balance through internal accruals and sale of Investments. The Company has already incurred expenditure of about Rs.46 lacs to date out of the total project cost. Barring unforeseen circumstances,the expansion project should go on stream in the first half of the 1999-2000.

During the first quarter of the current financial year, there has been an increase of about 40% in the turnover over the level achieved during the corresponding quarter in the previous year.

**Performance Projections Vs. Actuals**

In terms of clause 43 of the listing agreement, the comparison of the projections made for the year 1997-98 in the Company's prospectus dated 20th January, 1995, with the actual performance is as under:

	Projections	Actual
	(Rupees in lacs)	
Sales	1768.13	782.48
Profit before tax	346.39	32.14
Profit after tax	237.70	28.14

The Company could not achieve projected turnover and profitability due to persistent recession in the building construction industry.

Fixed Deposits

During the financial year under consideration, your Company had neither accepted nor renewed any deposit from public within the meaning of Section 58 - A of the Companies Act, 1956.

Directors

Shri Amarnath D. Aggarwal, Director of the Company, due to severe heart attack passed away on 10th February, 1998. The Board with deep grief place on record their homage to late Shri Amarnath D. Aggarwal and their sincere appreciation of suggestions and guidances received from late Shri Amarnath D. Aggarwal during his tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R.J. Aggarwal and Shri S.S. Gupta, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditor's

Messrs Mittal & Associates, Chartered Accountants, retire as Auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

Auditor's Comments

The FIFO method of valuation is more scientific than the earlier method adopted by your Company. The discrepancies in stock at Bangalore were on account of accounting errors which have been rectified.

Conservation of Energy and Technology Absorption, etc.

The relevant data 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 hereto and forms part of this report

Particulars as per Section 217(2A) of the Companies Act, 1956

None of the employees of the Company was in receipt of remuneration exceeding Rs. 3,00,000/- per annum or Rs. 25,000/- per month when employed for part of the year.

Acknowledgements

Your Directors greatly value the support and co-operation received during the year from the Financial Institution, the Company's bankers, statutory authorities and all organisations connected with its business. Your Directors also take pleasure in commending the valuable contributions made by the Company's employees at all levels during the year.

For and on behalf of the Board

Ramesh J. Aggarwal
Chairman

Place : Mumbai

Dated : June 29, 1998

**ANNEXURE TO THE DIRECTORS' REPORT**

Information 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.

	Unit	1997-98	1996-97
A. CONSERVATION OF ENERGY			
I) Electricity			
(a) Purchased	KWH.	10,38,964	13,47,848
Total Amount	Rs.	38,46,364	44,66,423
Average rate per unit	(Rs./KWH)	3.70	3.31
(b) Own Generated		Nil	Nil

B. TECHNOLOGY ABSORPTION

The company is putting its efforts to improve the design of dies and moulds to reduce process time per unit with regard to power and actual output. The company has not imported any technology and process.

C. FOREIGN EXCHANGE EARNING AND OUTGO

There was no earning of foreign exchange during the year.

Total Foreign Exchange earned	Rs. Nil
Total Foreign Exchange used	Rs. Nil

For and on behalf of the Board

Ramesh J. Aggarwal
Chairman

Place : Mumbai
Dated : June 29, 1998

**AUDITORS' REPORT**

The Members,

KISAN MOULDINGS LIMITED

We have audited the attached Balance Sheet of **KISAN MOULDINGS LIMITED** as at 31st March, 1998 and also the Profit and Loss Account for the year ended on that date annexed thereto and report that :

- 1) As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement as to the matters specified in Paragraph 4 and 5 of the said Order.
- 2) Further to our comments in the annexure referred to in paragraph (1) above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account maintained by the Company.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account and subject to note no. 6 on schedule 19 read together with notes and schedules annexed thereto and forming part thereof, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998.
 - ii) In so far as it relates to the Profit and Loss Account, of the 'profit' for the year ended on that date.

M.MEHTA

Partner

For and on behalf of

MITTAL & ASSOCIATES

Chartered Accountants

Place : Mumbai

Dated : June 29, 1998

ANNEXURE TO AUDITORS' REPORT

- 1) The Company has maintained the records showing full particulars of fixed assets. We are informed that the fixed assets were physically verified by the management during the year and no discrepancies between the book records and physical inventory were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) The stocks of finished goods, stores, spares and raw-materials were physically verified by the management at the end of the year. In our opinion, the frequency of such verification is reasonable.
- 4) In our opinion, and according to the information and explanations given to us, procedure of verification of stocks followed by the management during the year is reasonable in relation to the size of the Company and the nature of its business.
- 5) Except in the case of stock of finished goods at Bangalore branch, and work-in-process, the discrepancies between the physical stock and the book stock which were not significant have been properly dealt with in the books of account. The finished stock physically verified at Bangalore branch was short by RS. 11,23,177 and has been accounted for. We are informed that due to practical difficulties, no book records are maintained in respect of work-in-process and the quantity physically verified at the end of the year, are included in the accounts as closing stock of work-in-process.
- 6) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles. The stock of Raw materials has been valued at cost on FIFO basis as against lower of average cost or net realisable value basis in the preceding year. However, there is no change in the method of valuation of work-in-process and stock of finished goods.
- 7) The Company has not taken any loan from the firms or other parties or companies, listed in the register maintained under Section 301 of the Companies Act, 1956, and / or from the companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
- 8) The Company has not granted any loans to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and/or to the companies under the same management as defined under sub-section (1-B) of Section 370 of the Companies Act, 1956.
- 9) The parties to whom loans or advances in the nature of loans been given by the Company, except in few cases, are generally repaying the principal as stipulated, or as re-scheduled from time to time.
- 10) In our opinion, and according to the information and explanations given to us, there is an internal control procedure in commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
- 11) In our opinion and according to the information and explanations given to us the transactions of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Sections 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more in respects of each party, have been made on credit basis, at prices which are reasonable having regard to prevailing market prices for such goods, materials or services and the prices at which transactions for similar goods, materials or services have been made with other parties.
- 12) As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Provision for the loss in thereof has been made in the accounts.
- 13) The Company has not accepted deposits from the public which attract the provision of Section 58 A of the Companies Act, 1956.