

# THIRTEENTH ANNUAL REPORT 2001-2002



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**KISAN MOULDINGS LIMITED**

## **KISAN MOULDINGS LIMITED**

### **BOARD OF DIRECTORS**

RAMESH J. AGGARWAL - Chairman  
R. D. SUVARNA  
S. S. GUPTA  
S. K. JAIN  
VIJAY J. AGGARWAL  
SATISH J. AGGARWAL - Managing Director

### **AUDITORS**

M/s. MITTAL & ASSOCIATES  
Chartered Accountants  
Mumbai

### **BANKERS**

UNION BANK OF INDIA  
PUNJAB NATIONAL BANK

### **REGISTERED AND ADMINISTRATIVE OFFICE**

'TEX CENTRE', K Wing, 3rd Floor, 26-A, Chandivali Road, Near HDFC Bank,  
Off Saki Vihar Road, Andheri (East), Mumbai - 400 072.

### **WORKS :**

L - 43 & 45, MIDC, Tarapur - Boisar  
Dist. Thane (M. S.)

### **REGISTRAR AND SHARE TRANSFER AGENT**

Adam Comsof Limited  
Narayan Building, 23, Lakhamshi Napoo Road,  
Dadar (East), Mumbai - 400 014.

**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Kisan Mouldings Limited will be held at Tex Centre, K' Wing, 3rd Floor, 26'A' Chandivali Road, Near HDFC Bank, Off. Saki Vihar Road, Andheri (East), Mumbai - 400 072 on Saturday, the 28th day of September, 2002 at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2002 and Balance Sheet as on that date alongwith the Reports of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. R.D. Suvarna, who retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.S. Gupta, who retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT Mr. S.K. Jain, who was appointed as an Additional Director of the Company on 27th October 2001 and who pursuant to the provisions of Section 260 of the Companies Act, 1956, vacates his office at ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

For and on behalf of the Board

**Ramesh J. Aggarwal**  
Chairman

**Place : Mumbai**  
**Dated : 29.06.2002**

Registered Office:  
"TEX-CENTRE"  
K- Wing, 3rd Floor,  
26'A' Chandivali Road,  
Off Saki Vihar Road,  
Andheri (East), Mumbai-400 072

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not less than 48 (fortyeight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, 23rd September 2002 to Saturday, 28th September 2002. (both days inclusive).
4. The dividend as recommend by the Board of Directors, if sanctioned at the Annual General Meeting, shall be paid to those members whose names will stand on the Registrar of Members of the Company on 28th September 2002

5. Members are requested to notify immediately the change, if any, in their address with Pin code, bank mandate instruction, if any for payment of dividend by giving their Registered Follo Number to Adam Comsof Limited, Narayan Building, 23, Lakhamsi Napoo Road, Dadar (East), Mumbai - 400 014, the Registrar and Transfer Agent of the Company.
6. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.

**ADDITIONAL INFORMATION ON DIRECTORS, RECOMMENDED FOR RE-APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING**

Following is the biographical data about the Directors seeking re-appointment or recommended for appointment as a Director:

1. **Mr. R.D. Suvarna**, aged 62 years, Practicing as an Advocate in High Court, Mumbai and Bombay City Civil Court, Co-operative Court and Debt Recovery Tribunal, Mumbai for last 30 years.
2. **Mr. S.S. Gupta**, aged 44 years, is a Practising Chartered Accountant specializing in matters related to Central Excise, Customs and Service Tax. He also holds professional qualifications as Cost & Works Accountant and Company Secretary. He has authored book on Service Tax. Mr. Gupta has been serving the Company as an independent Director since 1994.

Mr. S. S. Gupta holds Chairmanship of Audit Committee and he is member of Share transfer Committee. The Details of other Directorships held by Mr. S.S. Gupta as on 31st March 2002:

Sr. No.	Name of the Company
1.	Gaurav Agro-plast Limited

3. **Mr. S.K. Jain**, aged 56 years, and his qualifications are B.Sc and C.A.I.I.B. He has got wide experience in the field of banking and associated with the Punjab National Bank for a long period of time. He was appointed as an Additional Director of the Company on 27th October 2001.

The Details of other Directorships held by Mr. S.K. Jain as on 31st March 2002:

Sr. No.	Name of the Company
1.	Jain Sahakari Bank Limited

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

Item No. 6:

Mr. S.K. Jain was appointed as an additional Director of the Company with effect 27th October 2001. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the said Director would vacate his office at the ensuing Annual General Meeting of the Company. The Company has received notice from a Shareholder pursuant to Section 257 of the said act proposing the candidature of Mr. S.K. Jain for the office of Director of the Company.

The aforesaid resolution for appointment of Mr. S.K. Jain as a Director of the Company is recommended to the members for their approval.

Except Mr. S.K. Jain, no other Director shall be deemed to be concerned or interested in the aforesaid resolution.

**For and on behalf of the Board**

**Ramesh J. Aggarwal**  
Chairman

**Place : Mumbai**  
**Dated : 29.06.2002**

## DIRECTORS' REPORT

The Member,

Your Directors have pleasure in presenting the Thirteenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31st March, 2002.

### Financial Results:

Particulars	(Rs in Lacs)			
	Current Year		Previous Year	
Profit before Depreciation, Interest and Tax (PBDIT)		240.47		239.11
Less: Depreciation	94.29		97.48	
Interest & Bank Charges	108.57	202.86	92.63	190.11
Profit before Tax		37.61		49.00
Provision for Tax		13.77		9.00
Profit after Tax		23.84		40.00
Balance brought forward		109.76		99.41
		133.60		139.41

### APPROPRIATIONS:

	(Rs in Lacs)	
General Reserve	10.00	10.00
Dividend	17.82	17.83
Tax on Dividend	Nil	1.82
Profit carried forward	105.78	109.76
	133.60	139.41

### Performance:

The turnover of the Company has marginally decreased from Rs. 1337.61 lacs in previous year to Rs. 1332.21 lacs for the year under review. Due to implementation of measures for saving in costs, Profit before Depreciation, Interest and Tax increased from Rs. 239.11 lacs in the previous year to Rs. 240.47 lacs for the year under review. However, as a result of higher Interest & Bank Charges, the Profit before Tax has reduced to Rs. 37.61 Lacs as against Rs. 49 Lacs for the previous year. The Net Profit of the company for the year under review has amounted to Rs.23.84 Lacs.

Barring unforeseen circumstances, your Directors are confident of achieving better results in the ensuing year.

### Dividend:

Your Directors are pleased to recommend a dividend of Re.0.50 per share (5% on par value of Rs.10/-) on the Equity Share Capital of the Company for the year ended 31st March 2002. The dividend, if approved, at the ensuing Annual General Meeting will be paid out of the profits of the Company for the year under review to all those equity shareholders whose names appear on the Register of Members of the Company on 28th September 2002 being the first day of the book closure and to those whose names appear as beneficial owners on the records of the National Securities Depository Limited and Central Depository Services (India) Limited on the said date.

### Industry structure and development:

Plastic as a material has assumed great significance in our day-to-day life. Articles produced from plastic are very intricately interwoven in our normal activities. Plastic has very far reaching and wide ranging utility and applications in all types of household and industrial products. Plastic is extensively used in packaging, irrigation, telecommunication, storage, construction, automobiles, furniture,

medicine, aviation, defence and large number of other areas. In last three decades, plastic industry has made rapid strides in our country. The plastic industry is divided in two different segments, organized sector and un-organised sector. With the advent of new products and new technologies, the plastic industry is geared up to play bigger role in our life and hence, presents good potential for growth.

**Opportunities and threats:**

Your Company is engaged in manufacturing and marketing of Plastic moulded fittings having various applications in water management and constructions. Through continuous upgradation and introduction of new products with enhanced utility and applications, the Company has carved out a niche for itself among the leading manufacturers of plastic moulded products. The Company has recently introduced " Rainwater harvesting System" which is the country's first customized water system design to collect and direct the flow of rainwater to desired storage destination like well, borewells etc. or augmenting the water level by infiltration of rain water in the soil. With further growth of the industry and introduction of new products, the industry presents excellent growth and profit-earning potential for leading and established players. As stated earlier, the Company is already a well established player in the industry with 13 years of rich experience of serving its customers beyond their expectations. Beside this, the Company has a wide dealer network spread all over the country through which the Company can market its products.

In addition, the Company's marketing team regularly carries out research in connection with the demand for the products of the Company and on the basis of their research report, necessary addition or upgradation of the products of the Company is introduced. In the backdrop of these strengths, the Company is also subject to certain shortcomings/ threats such as volatile nature of raw material prices, challenges posed by the unorganized sector, increase in competition among the players in organized sector leading to reduced products pricing, etc.

**Outlook:**

The Company's products have very good demand in the domestic market. Apart from focusing on consolidating its position in the domestic market, the Company has also taken initiatives for accessing overseas markets and achieved reasonable success in the sense that last year, the Company has exported its products to Nigeria, Tanzania, Sri Lanka and Nepal. The Company is also planning to obtain ISO 9002 registration and ISI Agmark Certification and has already initiated actions for the same.

**Risk and concerns:**

The Company is prone to certain risks and concerns such as increase in material costs, competition from un-organised sector, increase in capital costs to meet increased demand for new products.

**Internal control systems and their adequacy:**

The Company has adequate internal control systems and procedures commensurate with the nature and size of its business. The operating and business control procedures have been so framed that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The internal control system is being further strengthened by laying out well documented guidelines, authorization and approval procedures.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 your Directors confirm the following:

- That in the preparation of the annual accounts, the applicable standards have been followed, except Accounting Standard-2 relating to valuation of closing stocks. With a view to comply with Section 145A of the Income-Tax Act, 1961, the Company has valued its stocks at value inclusive of Excise duty, Sales tax, Surcharge on Sales tax and Turn over tax paid on purchases;
- That such accounting policies have been selected and applied consistently (except as stated above) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

- That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the attached Statement of Accounts for the year ended 31 March, 2002 have been prepared on a going concern basis.

**Corporate Governance:**

The report on Corporate Governance forming part of Directors' Report is annexed herewith as per "Annexure 1."

**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:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R.D. Suvarna and Mr. S.S. Gupta, Directors of the Company, shall retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board of Directors recommends their respective re-appointment.

Mr. S.K. Jain was appointed as an Additional Director of the Company by the Board of Directors of the Company at their Meeting held on 27th October 2001. By virtue of the provisions of Section 260 of the Companies Act, 1956, Mr. S.K. Jain holds office as a Director of the Company till the date of the ensuing Annual General Meeting of the Company. The Company in the meantime, has received a Notice under Section 257 of the Companies Act, 1956 from a shareholder of the Company proposing the candidature of Mr. S.K. Jain as a Director of the Company. Necessary resolution has been proposed for approval of the Shareholders of the Company in this regard.

**Auditors:**

M/s Mittal & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

**Auditors' Comments:**

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes on Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

**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 Companies Act, 1956:**

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

**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 : 29.06.2002



**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on code of Corporate governance**

**Kisan Mouldings Limited (KML)** is committed to good corporate governance and has benchmarked itself against best practices. The Company provides detailed information on various issues concerning the Company's business and financial performance. The Company respects the inalienable rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders.

**A. Board Compositions****1. Size and composition of the board**

KML Board presently consists of a majority of non-executive/independent directors, having rich and varied experience. The Board comprises of One (1) Executive Director and Five (5) Non-Executive, independent Directors. The Chairman of the Board is a Non-Executive Director

The constitution of the Board is as given below:

Director	Executive/Non-Executive / Independent*	Relationship with other directors	No. of other Directorships**	Chairmanship in a Committee in which they are member
Ramesh Aggarwal	Chairman, Non-Executive	Brother of Satish and Vijay Aggarwal	3	1
Satish Aggarwal	Executive	Brother of Ramesh and Vijay Aggarwal	2	-
Vijay Aggarwal	Non-Executive, Independent	Brother of Satish and Ramesh Aggarwal	1	-
S.S. Gupta	Non-Executive, Independent	None	1	1
R.D. Suvarana	Non-Executive, Independent	None	-	-
S. K. Jain***	Non-Executive, Independent	None	1	-

\* Independent Director means a director who apart from receiving director's remuneration does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which in the judgement of the Board, may affect their independence of judgement.

\*\* Other Directorships exclude directorships held in Private Limited Companies.

\*\*\*Mr. S.K. Jain was co-opted as an Additional Director of the Company on the 27th October 2001

**2. Cash Compensation to the Directors for the Financial year ended 31st March 2002**

(Amount in Rs.)

Director	Salary and Perquisites	Performance Incentive/bonus	Commission	Total
Satish Aggarwal	2,85,177	----	30,451	3,15,628



**B. Board Meetings****1. Scheduling and selection of agenda items for board meetings**

The Board meetings are generally held at the Registered office of the Company. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the annual shareholders' meetings. When necessary, additional meetings are held.

There were five Board Meetings during the year ended 27th April 2001, 25th June 2001, 31st July 2001, 27th October 2001 and 29th January 2002. Table hereunder gives the attendance record of the directors.

**Table**

<b>Name of the directors</b>	<b>Number of Board Meetings held</b>	<b>Number of Board Meetings attended</b>	<b>Whether attended last AGM</b>
Mr. Ramesh Aggarwal	5	5	Yes
Mr. Satish Aggarwal	5	5	Yes
Mr. Vijay Aggarwal	5	2	No
Mr. S.S. Gupta	5	3	Yes
Mr. R.D. Suvarna	5	4	Yes
* Mr. S.K. Jain	5	1	-
** Mr. R.M. Vaidya	5	1	

\* Mr. S.K. Jain was co-opted as an Additional Director of the Company on the 27th October 2001.

\*\*Mr. R. M. Vaidya resigned from the Board of Directors of the Company on 26th June 2001.

**2. Availability of information to the members of the board**

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company. At meetings of the board, it welcomes the presence of manager and finance heads who can provide additional insights into the items being discussed.

The information regularly supplied to the board includes:

- Operating Plans, budgets;
- Quarterly results of the company;
- Information on recruitment and remuneration of senior officers just below the board level;
- Materially important litigations, show cause, demand, prosecution and penalty notices;
- Minutes of the meetings of the audit committee as well as abstracts of the circular resolutions passed;
- Fatal or serious accidents or dangerous occurrences;
- General notices of interest;
- Significant development on the human resources front;
- Details of dangerous occurrences and effective steps taken thereof;
- Details of deployment of surplus funds available with the Company;
- New projects;
- Business contracts entered;

**3. Materially significant related party transactions**

There have been no materially relevant related party transactions for the year ended March 31, 2002 which have potential conflict with the interests of the Company at large.

**C. Board Committees**

Currently, the Board has two committees - the audit committee and the Shareholders/Investors grievance committee. The Audit Committee comprises of 3 members all of whom are non-executive independent directors. The Shareholders/Investor grievance committee comprises of 3 Members. The Chairman of the said committee is a non-executive, independent director.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members to various committees.

**1. Audit committee****Terms of reference****(a) Primary objectives of the audit committee**

The Primary objective of the audit committee (the "committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The committee oversees the work carried out in the financial reporting process - by the management, including the independent auditor - and notes the process and safeguards employed by each.

**(b) Scope of the audit committee**

1. Provide an open avenue of communication between the independent auditor, internal auditor, and the board of directors ("BoD")
2. Meet thrice a year or more frequently as circumstances require. The audit committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
3. Confirm and assure the independence of the external auditor and objectivity of the internal auditor.
4. Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
5. Consider and review with the independent auditor;
  - (a) The adequacy of internal controls including the computerised information system controls and security; and
  - (b) Related findings and recommendations of the independent auditor and internal auditor together with management's responses.
6. Consider and review with the management, internal auditor and the independent auditor;
  - (a) Significant findings during the year, including the status of previous audit recommendations;
  - (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information;
  - (c) Any changes required in the planned scope of the internal audit plan.