

KEMP & COMPANY LIMITED



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117TH
Annual Report
1997-98

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KEMP & COMPANY LIMITED

117TH ANNUAL REPORT

BOARD OF DIRECTORS :

Shitin Desai
Ranjan Sanghi
Mohanlal Kejriwal
Shekhar Shah
Shiv Prakash Makharia

BANKERS :

Central Bank of India
State Bank of India

AUDITORS :

M/s. S. R. Batliboi & Associates

REGISTERED OFFICE :

E-6(1), Additional MIDC Area, Jalgaon - 425 003.

FACTORIES :

Office Furniture Division
K-52, MIDC, Hingna Road, Nagpur - 440 015

Toys Division

E-6(1), Additional MIDC Area, Jalgaon - 425 003

INVESTORS' SERVICES DEPARTMENT :

DGP House, 88-C, Old Prabhadevi Road,
Mumbai - 400 025

REGISTRARS & SHARE TRANSFER AGENTS

Spectrum Corporate Services Ltd,
1st Floor, B Wing,
Shree Ganesh Industrial House,
W.T. Patil Marg, Near Amar Cinema,
Chembur, Mumbai - 400 071.

BRANCH OFFICES :

Mumbai, Delhi, Calcutta, Madras

KEMP & COMPANY LIMITED

NOTICE

NOTICE is hereby given that 117th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at E-6(1), Additional MIDC Area, Jalgaon 425 003 on Friday the 28th August, 1998 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit & Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Shekhar Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shitin Desai, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that the retiring auditors of the Company M/s S.R. BATLIBOI & ASSOCIATES, Chartered Accountants be not and are hereby not re-appointed, and in their stead M/s KALYANIWALLA & MISTRY, Chartered Accountants, be and they are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board of Directors."

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy back, from the existing shareholders, the shares of the Company, from out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The Register of Members and Share Transfer Registers of the Company will remain closed from Friday the 21st August, 1998 to Friday the 28th August, 1998 (both days inclusive).

KEMP & COMPANY LIMITED

- c) The dividend, if declared, will be paid to those shareholders whose names stand on Company's Register of Members as on 28th August, 1998.
- d) Shareholders desiring any information as regards Accounts are requested to write to the Company at least one week before the meeting so that the information required will be made available at the meeting.
- e) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrant for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

By order of the Board

Shekhar Shah
Director

Registered Office :
E-6(1), Additional MIDC Area,
Jalgaon - 425 003
Dated : July 6, 1998



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.5

Section 224 (1-B) of the Companies Act, 1956 (the Act) read with Explanation I to Section 224 (1-C) of the Act limits the number of companies to which a firm of Chartered Accountants can be appointed auditors to twenty (of which only ten can be with paid-up share capital in excess of rupees twenty five lakhs or more) per partner.

S.R. Batliboi & Associates are likely to exceed this limit and has, therefore, with great regret informed the company that they will not be eligible for reappointment as auditors of the Company at the ensuing annual general meeting.

Kalyaniwalla & Mistry were the auditors of the Company upto the Annual General Meeting held on 27th September, 1996. The Company has received Special Notice under Section 225(1) of the Companies Act, 1956 proposing Kalyaniwalla & Mistry, Chartered Accountants in place of S.R. Batliboi & Associates. The Company has been informed by S.R. Batliboi & Associates that they have no representation to make in this connection.

ITEM NO.6

Buy back of own shares by the Companies is presently not allowed under the Companies Act, 1956. It is expected that, in due course of time, the law will be amended to allow such buy back. Subject to necessary enactment in this regard, it is proposed to buy back the Equity Shares within the prescribed limit.

KEMP & COMPANY LIMITED

The buy back of shares as aforesaid would entail investing of an amount and shall be met out of the free reserves and/or the share premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulation.

The Board is of the opinion that it will be in the best interests of the Company if shareholders approve the said resolution, permitting such buy back, so that the Company will be able to implement this resolution once the law is amended.

The resolution, if approved, will be operative and given effect to from the applicable date as may be prescribed in this regard.

The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By order of the Board

Shekhar Shah
Director

Registered Office :
E-6(1), Additional MIDC Area,
Jalgaon - 425 003.
Dated : July 6, 1998

KEMP & COMPANY LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their 117th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 1998.

FINANCIAL RESULTS

| | Year ended 31.3.1998 Rs. | Year ended 31.3.1997 Rs. |
|---|-----------------------------------|-----------------------------------|
| Sales & Other Income | 35,72,29,507 | 35,17,05,295 |
| Gross Profit | 2,89,54,925 | 2,45,08,122 |
| Depreciation | 1,50,53,093 | 1,19,42,275 |
| Interest | 68,00,723 | 60,38,970 |
| Profit before Tax | 71,01,109 | 65,26,877 |
| Provision for Tax | (20,00,000) | (20,00,000) |
| Prior year Adjustment | — | 49,81,442 |
| Profit brought forward from previous year | 27,51,288 | 18,19,989 |
| Profit available for appropriation | 78,52,397 | 1,13,28,308 |
| Appropriations: | | |
| Proposed Dividend | 9,86,200 | 9,86,200 |
| Tax on Proposed Dividend | 98,620 | 98,620 |
| Transfer to General Reserve | 50,00,000 | 74,92,200 |
| Balance Transferred to Balance Sheet | 17,67,577 | 27,51,288 |
| | 78,52,397 | 1,13,28,308 |

OVERALL PERFORMANCE AND OUTLOOK

During the year under review your Company has received encouraging market response for products like Office Partition Systems, Executive Sitting Systems etc., which have high growth potential. This has resulted in higher profit before tax.

Second phase of expansion project has been successfully completed as per schedule. With the added capacity your Company is now in a position to increase its market share substantially in this high value added product segment.

Measures taken by your Company on quality, productivity improvement & cost control have started yielding positive results. These measures are expected to enable the Company to turn in an improved performance in the coming year.

Reserves of the Company now stand at Rs. 483.79 Lacs.

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DIVIDEND

The Directors recommend payment of Dividend on Equity Shares at the rate of 10%.

DIRECTORS

Mr. Shekhar Shah and Mr. Shitin Desai Directors retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s S.R. Batliboi & Associates, Chartered Accountants are likely to exceed the limit specified under Section 224(1-B) of the Companies Act, 1956 (the Act) read with Explanation I to Section 224 (1-C) of the Act and have with great regret informed their inability to continue as auditors of the Company. Kalyaniwalla & Mistry, Chartered Accountants were the auditors of the Company upto financial year 1995-96. The Company has received Special Notice under Section 225(1) of the Act from a shareholder proposing the name of Kalyaniwalla & Mistry in place of S.R. Batliboi & Associates.

CONSERVATION OF ENERGY, ETC.

Additional information as required in terms of the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed herewith and forms part of this report (Annexure A).

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year under review.

PARTICULARS OF EMPLOYEES

Particulars required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are annexed to and form part of this report (Annexure B).

ACKNOWLEDGEMENT

Your Directors record their gratitude to the Financial Institutions, Banks and other Government departments for their assistance and co-operation during the year.

Your Directors also wish to place on record their appreciation of the dedicated services of the employees of the Company.

For and on behalf of the Board

S. P. Makharia
Director

Shekhar Shah
Director

Mumbai,

Dated : July 6, 1998