

**118TH
Annual Report
1998-99**



KEMP

KEMP & COMPANY LIMITED

KEMP & COMPANY LIMITED

118TH ANNUAL REPORT

BOARD OF DIRECTORS :

Mr. A. G. Warey
Mr. Mohanlal Kejriwal
Mr. Ranjan Sanghi
Mr. Shekhar Shah
Mr. Shitin Desai
Mr. Shiv Prakash Makharia
Mr. R. K. Banerjee *Executive Director*

BANKERS :

Central Bank of India
State Bank of India

AUDITORS :

M/s. Kalyaniwalla & Mistry
Chartered Accountants

REGISTERED OFFICE :

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

FACTORY :

K-52, MIDC, Hingna Road, Nagpur - 440 015

INVESTORS' SERVICES DEPARTMENT :

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

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Pvt. 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, Chennai

KEMP & COMPANY LIMITED**NOTICE**

NOTICE is hereby given that 118th 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 Tuesday the 28th September 1999 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, 1999 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. Ranjan Sanghi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. P. Makharia, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Arun G. Warey, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Mr. R. K. Banerjee, be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the approval of the Company be and is hereby accorded to the appointment of Mr. R. K. Banerjee as Executive Director with effect from 1st August, 1999 for a period of five years, on the terms and conditions, including remuneration and perquisites as set out in the Agreement to be entered into between the Company and Mr. R. K. Banerjee draft of which is placed before this meeting."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to the resolution."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 to the Board of Directors for mortgaging and creating second charge in favour of Central Bank of India in such form and manner and on such terms and at such time(s) as the Board may deem fit, on all of its fixed assets situate at K-52, MIDC, Hingna Road, Nagpur - 440 015 as may be agreed between the Company and Central Bank of India to secure working capital facility granted / to be granted to the Company from time to time."

KEMP & COMPANY LIMITED

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Central Bank of India documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to this resolution."

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

"RESOLVED THAT the Registered Office of the Company be shifted from E-6(1), Additional MIDC Area, Jalgaon 425 003, Maharashtra, to K-52, MIDC, Hingna Road, Nagpur 440 015, Maharashtra."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for giving effect to this resolution."

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 Monday the 20th September, 1999 to Tuesday the 28th September, 1999 (both days inclusive).
- c) The dividend, if declared, will be paid to those shareholders whose names stand on Company's Register of Members as on 28th September, 1999.
- d) Members desirous of obtaining 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) Members are requested to notify promptly any change in address to the Registrars at the following address:

M/s Intime Spectrum Registry Pvt. Ltd.,
Shree Ganesh Industrial House,
1st Floor, 'B' Wing,
Waman Tukaram Patil Marg,
Near Amar Cinema, Chembur,
MUMBAI - 400 071.

- f) The unclaimed dividends upto financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

As a result of the amendments introduced through Sections 205 to 205C of the Companies Act, 1956 any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to a fund called "Investor Education and Protection Fund" to be set up by the Central Government. Accordingly, the unpaid / unclaimed dividends for the years 1995-96 onwards will become transferable at the end of seven years respectively, to the said Investor Education and Protection Fund and no claims shall lie against the fund or the Company in respect of individual amounts thereafter. Shareholders are therefore requested to check up and send their claims, if any, for the relevant years from 1995-96 onwards before the respective amounts become due for transfer to the above fund.

Registered Office :
E-6(1), Additional MIDC Area,
Jalgaon - 425 003
Dated : July 29, 1999

By order of the Board,

Veena Nair
Deputy Company Secretary

KEMP & COMPANY LIMITED**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.6**

Mr. Arun G. Warey is appointed as an Additional Director of the Company at the meeting of Board of Directors held on 29th July, 1999 under section 260 of the Companies Act, 1956. He holds Office only upto the date of this meeting and in respect of whom the Company has received notices in writing under Section 257 of the Companies Act, 1956 alongwith deposit Rs.500/- for each notice, from certain shareholders intimating their intention to propose Mr. Arun G. Warey as a candidate for the office of Director.

None of the Directors other than Mr. Arun G. Warey, is concerned or interested in the above resolution.

The Board of Directors, recommend the Resolution for your approval.

ITEM NO.7

Mr. R. K. Banerjee is appointed as an Additional Director of the Company at the meeting of Board of Directors held on 29th July, 1999 under section 260 of the Companies Act, 1956. He holds Office only upto the date of this meeting and in respect of whom the Company has received notices in writing under Section 257 of the Companies Act, 1956 alongwith deposit Rs.500/- for each notice, from certain shareholders intimating their intention to propose Mr. R.K. Banerjee as a candidate for the office of Director.

None of the Directors other than Mr. R. K. Banerjee, is concerned or interested in the above resolution.

The Board of Directors, recommend the Resolution for your approval.

ITEM NO.8

The Board of Directors in its meeting held on 29th July, 1999 has appointed Mr. R. K. Banerjee as Executive Director of the Company w.e.f. 1st August, 1999 for a period of five years subject to approval of the Members. Mr. R. K. Banerjee is 48 years of age and B.Tech. in Chemical Engineering from IIT, Mumbai and holds Post Graduate Diploma in Management of XLRI, Jamshedpur. He has over 23 years of experience and is associated with the group for more than 9 years. Mr. R. K. Banerjee's appointment is on the following remuneration.

SALARY

Rs. 55,000/- per month in the scale of Rs. 50,000/- – Rs. 1,00,000/-

Increments within the salary scale will be decided by the Board of Directors from time to time as they may deem fit.

COMMISSION

Such amount by way of commission, as may be decided by the Board for each financial year upto maximum ½% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Act, and subject to the overall ceilings stipulated in Sections 198 and 309 of the Act.

PERQUISITES

Following perquisites in addition to salary, restricted to a maximum amount equivalent of Annual Salary. For the purposes of calculating the ceiling, the perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

Housing

Residential Accommodation with furnishings or House Rent in lieu thereof as per the policy of the Company.

KEMP & COMPANY LIMITED**Medical Reimbursement**

Reimbursement of actual expenses for self and family as per rules of the Company, not exceeding Rs.15,000/- per annum OR Rs.45,000/- over a period of three years.

Leave Travel Concession

For self and family once in a year as per rules of the company.

Club fees

Fees of one club. This will not include admission and life membership fees.

Personal Accident Insurance

The annual premium shall not exceed Rs. 4000/-.

Provident Fund

Company's contribution subject to a ceiling of 12% of the salary.

Pension / Superannuation fund

Company's contribution subject to a ceiling of 15% of the salary.

Gratuity

As per rules of the Company.

Earned / Privilege leave

On full pay and allowance, one month's leave for every eleven months' of service; Encashment of leave accumulated but not availed at the end of tenure of office, in accordance with the rules of the company.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

For the purpose of Superannuation / Pension / Provident Fund / Gratuity / Commission and Privilege leave the service of the Executive Director will be considered from the original date of his joining the services and termination / renewal of service agreement will not be considered as a break of service.

Car & Telephones

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Sitting Fees

The Executive Director shall not be paid any sitting fees for attending the Board / Committee meetings.

General

The Executive Director shall be eligible for financial assistance for housing etc. as per rules of the Company.

The Executive Director shall be subject to the other service conditions, rules and regulations of the Company.

KEMP & COMPANY LIMITED

Minimum Remuneration

In the event of absence or inadequacy of profits of the Company in any financial year, Mr. R. K. Banerjee shall be entitled to receive such minimum remuneration as is permissible under Section II of Part II of Schedule XIII of the Act.

INSPECTION BY MEMBERS

Draft of the proposed agreement is open for inspection by the Members during the normal working hours of the Company at its Registered Office.

MEMORANDUM OF INTEREST

None of the Directors of the Company, other than Mr. R. K. Banerjee, is concerned or interested in the aforesaid resolution.

This should also be treated as Notice under Section 302 of the Companies Act, 1956 in respect of appointment of Mr. R. K. Banerjee with effect from 1st August, 1999.

The Board of Directors, recommend the Resolution for your approval.

ITEM NO. 9

During the year 1997-98 the Company was sanctioned financial assistance of Rs.600.00 Lacs by Industrial Development Bank of India (IDBI) for its project at Nagpur. The said loan was secured by a first charge of all the immovable and movable properties of the Company, present and future, situated at Nagpur.

The Company is availing financial assistance for working capital from Central Bank of India. For creation of the second mortgage or charge in favour of Central Bank of India with the existing first Mortgage/Charge in favour of IDBI the sanction of the members is required under Section 293(1)(a).

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

The Board of Directors, recommend the Resolution for your approval.

ITEM NO. 10

The major activities of the Company are now carried on at Nagpur. It is, therefore, desirable to shift the Registered Office of the Company to Nagpur. The approval of the Members of the Company is required under Section 17 of the Companies Act, 1956.

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

The Board of Directors recommend the resolution for your approval.

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By order of the Board,
Veena Nair
Deputy Company Secretary

Registered Office :
E-6(1), Additional MIDC Area,
Jalgaon - 425 003.
Dated : July 29, 1999

KEMP & COMPANY LIMITED**DIRECTORS' REPORT**

The Directors have pleasure in presenting their 118th Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 1999.

FINANCIAL RESULTS

	Year ended 31.3.1999 Rs.	Year ended 31.3.1998 Rs.
Sales & Other Income	39,89,55,722	35,72,29,507
Gross Profit	3,40,41,824	2,89,54,925
Depreciation	1,53,10,873	1,50,53,093
Interest	1,20,63,638	68,00,723
Profit before Tax	66,67,313	71,01,109
Provision for Tax	(16,00,000)	(20,00,000)
Prior year Adjustment	(44,248)	—
Profit brought forward from previous year	17,67,577	27,51,288
Profit available for appropriation	67,90,642	78,52,397
Appropriations:		
Proposed Dividend	9,86,200	9,86,200
Provision for tax on Proposed Dividend	1,08,482	98,620
Transfer to General Reserve	39,13,150	50,00,000
Balance Transferred to Balance Sheet	17,82,810	17,67,577
	67,90,642	78,52,397

OVERALL PERFORMANCE AND OUTLOOK

Sales for the year under review showed an improvement of 11% over the previous year. Margins, however, were under pressure due to rising cost of raw materials and higher incidence of interest. Company has since initiated effective steps to control cost and for productivity improvement.

As strategic realignment of products, Company has since discontinued manufacture of Klobber Range of office chairs and assembly & sale of toys. New Cost effective products viz Stand and Casewall Range of Modular Furniture Systems are being introduced to cater to the needs of all market segments.

The demand for your Company's products is encouraging. With the introduction of new products and modernisation of manufacturing capabilities the Company expects to perform very well in the coming year.

Reserves of the Company now stand at Rs.523.08 Lacs.

DIVIDEND

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

KEMP & COMPANY LIMITED

DIRECTORS

Mr. Ranjan Sanghi and Mr. S.P. Makharia Directors retire by rotation and being eligible offer themselves for re-appointment.

Mr. Arun G. Warey has been appointed as an additional Director of the Company with effect from 29th July, 1999. He holds office till the date of ensuing Annual General Meeting. Notices in writing under section 257 of the Companies Act, 1956 have been received from certain members of the Company proposing his candidature.

Mr. R. K. Banerjee has been appointed as Executive Director with effect from 1st August, 1999. The approval of shareholders is being sought to the appointment of and remuneration payable to Mr. R. K. Banerjee at the ensuing Annual General Meeting.

AUDITORS

M/s Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and express their willingness to continue if so appointed.

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

The Company has no employee drawing Rs.6,00,000/- p.a. or more during the year and hence the particulars as required under Section 217(2A) of the Companies Act, 1956 have not been furnished.

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,

Mumbai,

Dated : July 29, 1999

S. P. Makharia
Director

Shekhar Shah
Director