

**122nd
Annual Report
2002 - 2003**



KEMP

KEMP & COMPANY LIMITED

KEMP & COMPANY LIMITED

122ND ANNUAL REPORT

BOARD OF DIRECTORS :

Mr Dilip G. Piramal - *Chairman*
Mr. Mohanlal Kejriwal
Mr. Ranjan Sanghi
Mr. Shekhar Shah

BANKERS :

Central Bank of India

AUDITORS :

M/s. Kalyaniwalla & Mistry
Chartered Accountants

REGISTERED OFFICE :

K-52, MIDC, Hingna Road, Nagpur - 440 016

INVESTORS' SERVICES DEPARTMENT :

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

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
C-13, Kantilal Maganlal Indl. Estate,
Pannalal Silk Mill Compound, L.B.S. Road,
Bhandup (W), Mumbai - 400 078.

BRANCH OFFICES :

Mumbai
Delhi
Calcutta

KEMP & COMPANY LIMITED**NOTICE**

NOTICE is hereby given that 122nd Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at K-52, MIDC, Hingna Road, Nagpur - 440 016 on Tuesday, the 30th September, 2003 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, 2003 and Profit & Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mohanlal Kejriwal, who retires by rotation and being eligible offers himself for re-appointment.
3. 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

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

"RESOLVED that pursuant to provisions of Section 372 A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999 the Company do hereby confirm the Guarantee / Security provided to HDFC Ltd. for securing Term Loan of Rs.7.15 crores granted to Vibhuti Investments Company Pvt. Ltd., notwithstanding the fact that issue and execution of such guarantee / security together with all other loans or investments or security or guarantees already given may exceed the limits prescribed under the aforesaid provisions of Companies Act, 1956."

By order of the Board

Dilip G. Piramal
Chairman

Registered Office:

K-52, MIDC, Hingna Road,
Nagpur - 440 016

Dated : 30th June, 2003

ANNEXURE TO NOTICE**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.****ITEM No. 4**

Vibhuti Investments Company Pvt. Limited (VICL) an associate company has been sanctioned a Term Loan of Rs.7.15 crores by Housing Development Finance Corporation Limited (HDFC). VICL has requested the Company to deposit the title deeds of the property owned by the Company and located at 88C, Old Prabhadevi Road, Mumbai - 400 025 with HDFC as and by way of security for due repayment of loan and sign various agreements including Loan Agreement as Confirmatory party.

As per the provisions of Section 372A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, securities provided by the company in excess of the prescribed limits are required to be placed for confirmation before the shareholders. Further as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution through Postal Ballot) Rules, 2001, the shareholders' consent for the aforesaid matter is required to be obtained by means of Postal Ballot. Accordingly the consent of shareholders is being

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sought through Postal Ballot.

Mr. Virendra Bhatt, Practising Company Secretary has been appointed as the scrutinizer for the Postal Ballot. The result of the Postal Ballot will be declared on 29th September, 2003 and will be put on the Notice Board at the Registered Office of the Company.

The Board of Directors recommend the Resolution for your approval.

None of the directors other than Mr. Shekhar Shah, are in any way concerned or interested in the above resolution.

By order of the Board

Dilip G. Piramal
Chairman

Registered Office:

K-52, MIDC, Hingna Road,
Nagpur - 440 016

Dated : 30th June, 2003

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) Proxies in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- c) Members are requested to note that Item No. 4 of the Notice are proposed to be passed by Postal Ballot under Section 192A. Duly completed Postal Ballot forms should reach the company not later than close of working hours on 26th September, 2003.
- d) The Register of Members and Share Transfer Register of the Company will remain closed from Tuesday, the 16th September, 2003 to Tuesday, the 30th September, 2003.
- e) 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.
- f) Members are requested to notify promptly any change in address to the Registrars at the following address:
M/s. Intime Spectrum Registry Ltd.
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mill Compound,
L.B.S. Road, Bhandup (W), Mumbai - 400 078
- g) The unclaimed dividends upto the company's financial year 1993-94 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 Section 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 seven years from the date of such transfer shall be transferred by the company to a fund called "Investor Education and Protection Fund" set up by the Central Government and no payments shall be made in respect of any such claims by the Fund. The unclaimed dividend for the company's financial year 1994-95 has been transferred to the "Investor Education and Protection Fund" on 22nd November, 2002. Members who have not yet encashed their dividend warrants for the years 1995 - 96 onwards are requested to make their claims to the company accordingly without any delay. It may be noted that the unclaimed dividend for the financial year 1995 - 96 is due for transfer to the Fund on 2nd November, 2003.

KEMP & COMPANY LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 122nd Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2003.

FINANCIAL RESULTS

	Year ended 31.03.2003	Year ended 31.03.2002
Sales & Other Income	6,45,18,789	5,61,39,752
Gross Profit	62,18,116	44,13,326
Depreciation	19,33,276	19,90,891
Interest	76,051	1,93,873
Profit before Tax and Extraordinary item	42,08,789	22,28,562
Extraordinary Item	—	(93,42,058)
Provision for Tax	(23,50,000)	(12,75,000)
Add : Deferred Tax	(1,78,381)	11,24,407
Prior year Adjustments	(7,75,925)	1,48,153
Profit / (Loss) after Tax	9,04,483	(71,15,936)
Profit brought forward from previous year	—	1,40,470
Balance Transferred from General Reserve	—	(69,75,466)
Balance Transferred to Balance Sheet	9,04,483	NIL

OVERALL PERFORMANCE AND OUTLOOK

The Sales and other income for the year under review was higher at Rs.645.18 lacs (Previous year 561.40 lacs). The Company has made a profit of Rs.9.04 lacs as against a loss in the previous year at Rs.72.64 lacs.

The outlook for the coming year is favourable.

Reserves of the company now stand at Rs.299.31lacs.

DIVIDEND

To conserve the resources, your Directors do not recommend Dividend for the year (previous year nil)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for that year under review.

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- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the Directors had prepared the accounts for the financial year ending 31st March, 2003 on a 'going concern' basis.

LISTING OF EQUITY SHARES

The Company's Equity shares are listed on the Stock Exchange, Mumbai situated at Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001. The Company has made upto date payment of the listing fees.

DIRECTORS

Mr. A. G. Warey resigned as Director w.e.f. 30.06.2003. The Directors place on record their appreciation of the valuable services rendered by Mr. A. G. Warey during his tenure as Director.

Mr. Mohanlal Kejriwal, Director, retires by rotation and being eligible offers himself for re-appointment.

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)

PARTICULARS OF EMPLOYEES

The Company has no employee drawing Rs.24,00,000/- or more during the year and hence the particulars as required under section 217(2A) of the Companies Act, 1956 have not been furnished.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year under review.

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

Dilip G. Piramal
Chairman

Mumbai

Dated : 30th June, 2003

KEMP & COMPANY LIMITED

ANNEXURE A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

- a) Energy conservation measures taken:

The Company is predominantly a marketing company and hence its energy consumption is relatively low.

- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Please refer to the explanation provided in (a) above.

- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Not applicable

- d) Total energy consumption and energy; consumption per unit of production: Form 'A' of the annexure to the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is not applicable.

B) TECHNOLOGY ABSORPTION:

Not applicable.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange used and earned during last year:

Amount (Rupees in lacs)

Used : Nil

Earned : Nil

For and on behalf of the Board

Dilip G. Piramal
Chairman

Mumbai

Dated : 30th June, 2003

KEMP & COMPANY LIMITED**REPORT OF THE AUDITORS TO THE MEMBERS OF
KEMP & COMPANY LIMITED**

- 1) We have audited the attached Balance Sheet of **KEMP & COMPANY LIMITED**, as at 31st March, 2003 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the annexure referred to 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 purposes 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 such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) Attention is invited to note no. 9 of Schedule 15, wherein the Company contends that monthly tenancy agreements are not in the nature of lease agreements and hence Accounting Standard (AS) 19- "Lease", is not applicable.
- 5) In our opinion, the Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003; and
 - b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- 5) On the basis of the written representations received from the Directors as on 31st March, 2003, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants

Place: Mumbai
 Dated : 30th June, 2003

E.K. IRANI
 Partner