

**127th
Annual Report
2007 - 2008**



KEMP

KEMP & COMPANY LIMITED

127th ANNUAL REPORT

BOARD OF DIRECTORS

Dr. Gita Piramal
Mr. Mohanlal Kejriwal
Mr. Ranjan Sanghi
Mr. Shekhar Shah
Mr. K. C. Gupte

BANKERS

Central Bank of India

AUDITORS

M/s. Kalyaniwalla & Mistry
Chartered Accountants

REGISTERED OFFICE

78-A, MIDC Estate, Satpur, Nashik - 422 007,
Maharashtra

INVESTORS' SERVICES DEPARTMENT

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

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Limited
C-13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (W), Mumbai - 400 078

BRANCH OFFICES

Delhi
Kolkata

KEMP & COMPANY LIMITED

NOTICE

Notice is hereby given that the 127th Annual General Meeting of the Members of Kemp & Company Limited will be held at the Registered Office of the Company at 78 A, MIDC Estate, Satpur, Nashik – 422 007, on Friday the 26th September, 2008 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date, the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in place of Dr. Gita Piramal, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period in addition to reimbursement to them of actual out of pocket expenses as may be incurred in the performance of their duties.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. K. C. Gupte, who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 3rd October, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. K. C. Gupte as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such approvals as may be necessary, the Articles of Association of the Company be and are hereby altered as follows:

After the existing Article 109 of the Articles of Association of the Company, the following new Article 109(1) be and is hereby inserted:

109(1) : The Directors may be paid remuneration by way of commission as the Company in general meeting may, subject to the provisions of the Act and the Articles, from time to time, determine and such remuneration shall be divided among the Directors who are neither in

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the whole-time employment nor Managing Director and in such proportion and manner as the Directors may from time to time, determine.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that subject to such approvals as may be necessary, the Directors of the Company other than the Whole-time Directors be paid annually, for a period not exceeding five years, for each of the financial years of the Company commencing from 1st April, 2008, commission not exceeding one per cent of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 ("the Act"), and computed in the manner referred to in Section 198(1), 349 and 350 of the Act, or any amendment or re-enactment thereof, in addition to the fee for attending the meetings of the Board of Directors of the Company ("the Board") or any Committee thereof, to be divided amongst the Directors aforesaid in such proportion and in such manner as the Board may from time to time determine.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

By the order of the Board of Directors

Shekhar Shah
Director

Registered Office:
78 A, MIDC Estate
Satpur
Nashik - 422 007

Date: 27th June, 2008

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

Item No. 5

Mr. K. C. Gupte was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 3rd October, 2007 under Section 260 of the Companies Act, 1956. Mr. Gupte holds office only upto the date of this meeting. The Company has received a notice in writing alongwith the requisite deposit of Rs. 500/- under section 257 of the Companies Act, 1956, from one of the shareholders intimating his intention to appoint Mr. K. C. Gupte as a Director of the Company. Mr. K. C. Gupte is a qualified accountant and has experience of more than 30 years in financial and corporate affairs. His appointment would benefit the Company through his extensive experience.

The Board of Directors recommends passing of the Resolution as set out at Item No. 5 of the accompanying Notice.

None of the Directors other than Mr. K. C. Gupte are in any way, concerned or interested or deemed to be concerned or interested in passing the above resolution.

Item No. 6

The Articles of Association are required to be altered to incorporate provision for payment of remuneration in the form of commission to the Directors, who are neither in the whole-time employment of the Company nor Managing Director(s).

KEMP & COMPANY LIMITED

In terms of Section 31 of the Companies Act, 1956 and other applicable provisions, a Company may with the consent of its members by way of special resolution, approve any alteration in its Articles of Association. Accordingly, the proposed alterations in the Articles of Association as more specifically stated at Item No. 6 of the Notice requires your approval by Special Resolution.

Your Directors recommend the Resolution at Item No. 6 for your approval.

Non-Executive Directors may be deemed to be concerned or interested in this Special Resolution.

Item No. 7

Presently the Company pays remuneration by way of sitting fees to its independent Non-Whole-time Director(s) for each meeting of the Board/Committee attended by them. In order to bring the remuneration of the Non-executive Directors in line with the present trends and commensurate with the time devoted and the contribution made by them, it is proposed to pay, in addition to sitting fees, remuneration by way of commission on net profit to the Directors who are not in the whole-time employment of the Company. Approval of the Members by way of a Special Resolution is sought for payment of remuneration by way of commission to Non-Executive Directors of the Company for a period not exceeding five years from 1st April, 2008 as set out in this Special Resolution. The Articles of Association of the Company amended as above authorises such payment by way of commission.

Your Directors recommend the Resolution at Item No. 7 for your approval.

Non-Executive Directors may be deemed to be concerned or interested in this Special Resolution.



By the order of the Board of Directors

Shekhar Shah
Director

Registered Office:
78 A, MIDC Estate
Satpur
Nashik – 422 007

Date: 27th June, 2008

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
- (c) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th September, 2008 to Friday, the 26th September, 2008 (both days inclusive).
- (d) Members desirous of obtaining any information in respect of accounts and operations of the Company are requested to write to the Company at least one week before the meeting, to enable the Company to make available the required information at the Meeting.
- (e) Members are requested to notify immediately any change in their address registered with the Company, to Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, the Registrars and Share Transfer Agent of the Company,

in respect of equity shares held in physical form and to their respective Depository Participants (DPs) in respect of equity shares held in electronic form.

- (f) Consequent upon the amendment to Section 205A and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrants for the year 2000-01 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 2000-01 is due for transfer to the Fund on 5th November, 2008.
- (g) Under the provisions of Section 109A and 109B of the Companies Act, 1956, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility are requested to write to the Company or the Company's Registrar and Share Transfer Agent Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
- (h) Copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their own copies to the Meeting.



KEMP & COMPANY LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 127th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2008:

FINANCIAL RESULTS

	Year ended 31.3.2008 Rs.	Year ended 31.3.2007 Rs.
Sales & Other Income	7,18,49,079	6,40,27,714
Gross Profit	1,28,97,480	81,12,431
Depreciation	16,67,511	13,61,976
Interest	1,53,951	43,541
Profit before Tax and Extraordinary item(s)	1,10,76,018	67,06,914
Provision for Tax (Net of Deferred Tax & Fringe Benefit Tax)	30,10,536	24,23,204
Prior year Adjustments	(25,303)	(1,08,507)
Profit/(Loss) after Tax	80,40,179	41,75,203
Profit brought forward from previous year	5,34,66,314	5,10,54,945
Profit available for appropriation	6,15,06,493	5,52,30,148

APPROPRIATIONS:

Proposed Dividend	10,80,200	10,80,200
Tax on Proposed Dividend	1,83,580	1,83,634
Transfer to General Reserve	95,00,000	5,00,000
Balance transferred to Balance Sheet	5,07,42,713	5,34,66,314
	6,15,06,493	5,52,30,148

OVERALL PERFORMANCE AND OUTLOOK

During the year under review, while the Sales & Other Income has recorded improvement of 10.88% from Rs. 640.27 lacs to Rs. 718.49 lacs, the profit after tax has recorded increase of 48.14% from Rs. 41.75 lacs to Rs. 80.40 lacs.

The outlook for the coming year is favourable.

Reserves of the Company now stand at Rs. 1007.50 lacs as on 31st March, 2008.

DIVIDEND

The Directors are pleased to recommend for your consideration a Dividend of Re. 1/- per equity share i.e. @ 10% (previous year Re. 1/- per equity share).

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:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profit of the Company for that year under review;
- (iii) 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;
- (iv) that the Directors have prepared the accounts for the financial year ending 31st March, 2008 on a 'going concern' basis.

BUY BACK OF EQUITY SHARES

During the year under review the Members had approved through Postal Ballot proposal for buy back of upto 25% of total paid-up share capital at a price of Rs. 80/- per share through Tender route. In view of requirements of funds for the operations the said proposal is kept in abeyance.

LISTING OF EQUITY SHARES

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

DIRECTORS

Mr. K. C. Gupte, was appointed as an Additional Director on 3rd October, 2007 and holds office till the date of conclusion of the ensuing Annual General Meeting. The approval of the shareholders is being sought to the appointment of Mr. K. C. Gupte at the ensuing Annual General Meeting.

Dr. Gita Piramal, Director retires by rotation and being eligible offers herself for re-appointment. A proposal to re-appoint Dr. Gita Piramal as a Director is included in the Notice convening 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. As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

A proposal seeking their re-appointment is provided as part of the Notice of the ensuing Annual General Meeting.

COMPLIANCE CERTIFICATE

Pursuant to proviso to Section 383A of the Companies Act, 1956, a certificate from the Company Secretary in whole-time practice in respect of compliance by the Company with applicable provisions of the Companies Act, 1956, is attached to this Report.

KEMP & COMPANY LIMITED**CONSERVATION OF ENERGY ETC.**

As the Company is not engaged in any manufacturing activity, there are no particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards conservation of energy or technology absorption. Further, during the year under review, the Company has neither earned nor spent any foreign exchange.

PARTICULARS OF EMPLOYEES

The Company has no employee whose remuneration details are required to be provided under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rule, 1975.

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 of Directors

Shekhar Shah
Director

Ranjan Sanghi
Director

Place : Mumbai

Date : 27th June, 2008

DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

Name of Director	Dr. Gita Piramal	
Date of Birth	4.9.1954	
Date of Appointment	18.4.2005	
Qualifications	Doctorate in Business History from Bombay University	
Expertise in special functional area	Corporate Management. Eminent and widely read author on Indian Economy & Business.	
Chairman/Director of other companies	1.	BP Ergo Ltd.
	2.	Trimode Properties Pvt. Ltd.
	3.	Prism Management Consultancy Pvt. Ltd.

COMPLIANCE CERTIFICATE

Registration No. of the Company : 11 – 0047
Nominal Capital : Rs. 1,45,00,000/-
Issued & Paid Up Capital : Rs. 1,08,02,000/-

To,
The Members,

KEMP AND COMPANY LIMITED

We have examined the registers, records, books and papers of KEMP AND COMPANY LIMITED (Regd. No. 11-0047) (the Company) as required to be maintained under the Companies Act, 1956, (The Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2008. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and hence comments are not required.
4. The Board of Directors duly met Seven times respectively on 29th, June, 2007, 31st July, 2007, 8th August, 2007, 3rd October, 2007, 31st October, 2007, 16th January, 2008 and 30th January, 2008, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members, and/or Debenture holders from 18/09/2007 to 25/07/2007 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2007 was held on 25th September, 2007 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons firms or companies referred in Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.