

29th ANNUAL REPORT 1997-98

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KOTHARI INDUSTRIAL CORPORATION LIMITED





DR. D.C. KOTHARI

28.2.1914 - 5.6.1992



Kothari Industrial Corporation Limited



BOARD OF DIRECTORS

Pradip D. Kothari
*Chairman &
 Managing Director*
 P.G. Daftary
 H.S. Majumder
 K. Bharathan
(Nominee of ICICI Ltd)
 R. Rangarajan
(Nominee of G.I.C)
 Mrs. Surekha P. Kothari
 Ashok C. Pratap
 D.B. Saxena
 N. Srinivasan
 Suresh Kumar
(Upto 29.7.98)

BANKERS

State Bank of India
 State Bank of Travancore
 Bank of Baroda
 Central Bank of India
 Punjab National Bank
 The United Western Bank Ltd.

AUDITORS

M.K. Dandeker & Co.
 Chartered Accountants
 Chennai.
 B.B.Naidu & Co.
 Chartered Accountants
 Chennai.

PLANTATIONS

Tea Estates in Nilgiris and
 Anamallais of Tamil Nadu State
 Coffee Estates in Coorg &
 Chickmagalur Districts of
 Karnataka State

TEXTILE MILLS

K. Vadamathurai,
 Coimbatore (Mill No.2)
 Adoni (Kurnool District, A.P.)

FERTILISER FACTORY

Ennore, Chennai

COFFEE CURING WORKS

Hassan, Karnataka

GRANITE FACTORY

Ennore, Chennai

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REGISTERED OFFICE

"Kothari Buildings"
 114, Mahatma Gandhi Salai,
 Chennai - 600 034.

DELHI OFFICE

210, Antriksh Bhavan,
 22, Kasturba Gandhi Marg,
 New Delhi - 110 001.

MUMBAI OFFICE

144-146, Mittal Court,
 A Wing, 14th Floor,
 Nariman Point,
 Mumbai - 400 021.

KOLHAPUR OFFICE

Konark Centre,
 205 E, Tarabai Garden Road,
 New Shahupuri,
 Kolhapur - 416 001.
 Maharashtra

HYDERABAD OFFICE

Flat 1 & 2, No. 3-4-877,
 Ground Floor, Nagar Towers,
 Barkatpura
 Hyderabad - 500 027.
 Andhra Pradesh

Kothari Industrial Corporation Limited

MANAGEMENT

CORPORATE FUNCTIONS

Ms. Maya D. Kothari

Executive Director

V. Nageswaran,

Executive Director - Finance

S. Ramabadrnan

Executive Director and

Executive Assistant to Chairman

S. Sundaresan

Vice President - Finance

A. Rubandhas

Company Secretary

DIVISIONAL FUNCTIONS

P.S. Ponnappa

Chief Executive - Tea

H. Sanjeevi Reddy

Chief Executive - Coffee

Hassan

K.N. Devdas

General Manager

Fertiliser

TEXTILES

A.L. Subramanian

Manager, Mill No.2

K. Rajagopalan

Manager, Adoni Mill

PLANTATIONS

TEA

K. Vinod Shenai

Asst. General Manager,

Glendale Estate

R. Jebac Kumar

Sr. Manager,

Waterfall Estate (West)

C.D. Ganapathy

Asst. General Manager,

Waterfall Estate (East)

Charan Hegde

Sr. Manager, Brooklands Estate

R.B. Ponvel

Manager, Adderley Estate

COFFEE

P.B. Chengappa

Asst. General Manager,

Coovercolly Estate

S. Premkumar

Manager, Kesinvurthy Estate

KOTHARI COFFEE CURING WORKS

Hassan

K.U. Anand

Asst. General Manager

FERTILISER

A. Krishnaswamy

Factory Manager

BRANCH OFFICES

MUMBAI

N.P. Sheth

Senior Manager

KOLHAPUR

A. Vasudev

Branch Manager

HYDERABAD

A. Sakul Hameed

Branch Manager



KOTHARI INDUSTRIAL CORPORATION LIMITED

Regd. Office : "Kothari Buildings" 114, Mahatma Gandhi Salai, Chennai 600 034

NOTICE TO MEMBERS

NOTICE is hereby given that the 29th Annual General Meeting of the Company will be held as scheduled below :

Day & Date : Monday, 28th December, 1998

Time : 10.15 a.m.

Place : RANI SEETHAI HALL
603, Anna Salai
CHENNAI 600 006

The agenda for the meeting will be as follows:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 30th June, 1998 and the Balance Sheet as at that date alongwith the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr Ashok C. Pratap who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mrs Surekha P. Kothari who retires by rotation and being eligible, offers herself for reappointment.
4. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Sec.224A and other applicable provisions, if any, of the Companies Act, 1956 M/s. M.K.Dandeker & Co. and M/s.B.B.Naidu & Co., retiring Auditors, be and are hereby reappointed as Joint Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs.90,000/- each in addition to the travelling and other out-of-pocket expenses which will be reimbursed to them."

SPECIAL BUSINESS:

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

RESOLVED THAT the Articles of Association of the Company be and are hereby altered in the following manner:

The following new clause be added as Article 48A after the existing Article 48:

Nomination facility:

- 48A.(i) Every holder of shares in, or debentures of, the company may, at any time nominate, in the prescribed manner, a person to whom his shares in or debentures of, the Company shall vest in the event of his/her death.
- (ii) Where the shares in, or debentures of, the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- (iii) Where a nomination is made in the prescribed manner to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or holder of debentures of the company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the company or, as the case may be, all the joint holders, in relation to such shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

Kothari Industrial Corporation Limited

- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures of the company, in the event of his/her death, during the minority.
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the approval of ICICI Ltd, and such other approval as may be required, the Board of Directors of the Company be and are hereby authorised to transfer or otherwise dispose the Company's textile mill viz., Kothari Textiles Unit: Mill No.2 situated at K Vadamathurai, Coimbatore, as a going concern

together with all its assets, rights, benefits and other moveable and immoveable properties comprised in the said mill and all the liabilities, duties and obligations to KICL Textiles Limited, a wholly owned subsidiary of the Company for an eventual sale or to any other prospective buyer at a price and on such terms and conditions as may be decided by the Board of Directors at the appropriate time.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such further acts and sign, seal and execute all such documents, deeds, matters and things (including the agreement for transfer of the industrial undertaking) as may be necessary, usual, proper or desirable for effectuating the transfer and eventual disposal of the said undertaking and for giving effect to this resolution"

(By Order of the Board)

for Kothari Industrial Corporation Limited

Chennai 600 034
November 23, 1998

A.Rubandhas
Company Secretary

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 OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE LODGED WITH THE COMPANY AT ANY TIME NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A FORM OF PROXY IS ENCLOSED.

The Register of Members and the Transfer Books of the Company will remain closed from Wednesday, the 16th December, 1998 to Monday, the 28th December, 1998 (both days inclusive).

The Note in respect of Item No.4 and the Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos.5 & 6 are annexed to the Notice.

**Note:****1. Unclaimed Dividend:**

Shareholders are hereby informed that all unpaid/unclaimed dividends for the years upto 1994 have been transferred to the Central Government as per the provisions of Sec.205-A (5) of the Companies Act, 1956. Those shareholders who have not encashed the dividend are requested to claim the amount from the Registrar of Companies, Shastri Bhavan, Haddows Road, Chennai 600 006 and they may contact the Company for any assistance in this connection.

2. Members are requested to notify the change of address, if any immediately to the Company.**3. Members with identical order of names who are holding shares in multiple folios are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings into one folio.****5. Members/Proxies should bring Attendance Slip (duly completed) for attending the meeting as well as copy of the Annual Report.****Statement in respect of Item No.4:**

Section 224A provides that in the case of a Company in which not less than 25% of the subscribed share capital is held by Public Financial Institutions or Nationalised Banks or other financial institutions referred to therein, appointment or reappointment of Auditors at each Annual General Meeting shall be made by a Special Resolution.

The total Share Capital held by Public Financial Institutions, Nationalised Banks and Insurance Companies is over 25% of the subscribed share capital of the Company. It is therefore necessary that the appointments of M/s M.K. Dandekar & Co. and M/s B.B. Naidu & Co. as Joint Auditors shall be made by a Special Resolution.

Explanatory Statement pursuant to Sec.173 of the Companies Act, 1956:**Item No.5:**

Sections 109A and 109B have been newly introduced in the Companies Act, 1956 vide the Companies (Amendment) Ordinance, 1998. Pursuant to the above, it is proposed to amend the Company's Articles in order that the Articles of Association would be in conformity with the relevant provisions of the Companies Act, 1956.

Inspection of Documents:

Memorandum & Articles of Association of the Company.

None of the Directors is interested in the resolution except as a member of the Company.

Item No.6:

The Company's Kothari Textiles Unit: Mill No.2, K Vadamathurai, Coimbatore having 24,992 spindles has been incurring cash losses for the last over three years which, inter alia, eroded into the profits of other divisions and led to financial constraints. This was mainly attributable to recession in the textile industry, particularly in the spinning sector and lack of adequate modernisation of the mill. The mill requires sizable additional investment for

modernisation in order to improve its performance which further calls for enhanced working capital and rationalisation of labour. The Board of Directors after considering all aspects of the functioning of this mill and after considering various options, decided to transfer Mill No.2, Coimbatore as a going concern with all its assets and liabilities to the Company's wholly owned subsidiary for eventual disposal to the prospective buyer/joint venture partners as the case may be subject to the approval of the financial institution, shareholders and other approvals as may be required. Since many of the textile mills in Coimbatore have curtailed operations and most of them are looking for prospective buyers, the disposal of the mill may be of a slow process. The Board of Directors would finalise the terms and conditions including the price in the best interest of the shareholders and the Company. The transfer of the aforesaid loss making mill would be in the best interest of the Company. The Board of Directors may decide the actual date of transfer and disposal.

The Board of Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is interested/concerned in the Resolution.

