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18th ANNUAL REPORT 2001-2002

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PRODUCTS LIMITED



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BOARD OF DIRECTORS

Chairman

M.M. KOTHARI

Managing Director

DEEPAK KOTHARI

Executive Director

MITESH KOTHARI

Directors

SHARDA M. KOTHARI
ONKAR NATH CHATURVEDI
DR. AVINASH GUPTA
RAJU B. SHAH
PRAMOD KUMAR TANDON

Company Secretary

RAJ KUMAR GUPTA

AUDITORS

MEHROTRA & MEHROTRA
Chartered Accountants
16/49-F, Civil Lines
Kanpur - 208 001

AUDIT COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI
SHARDA M. KOTHARI
DR. AVINASH GUPTA
RAJU B. SHAH

SHARE TRANSFER & SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

Chairman

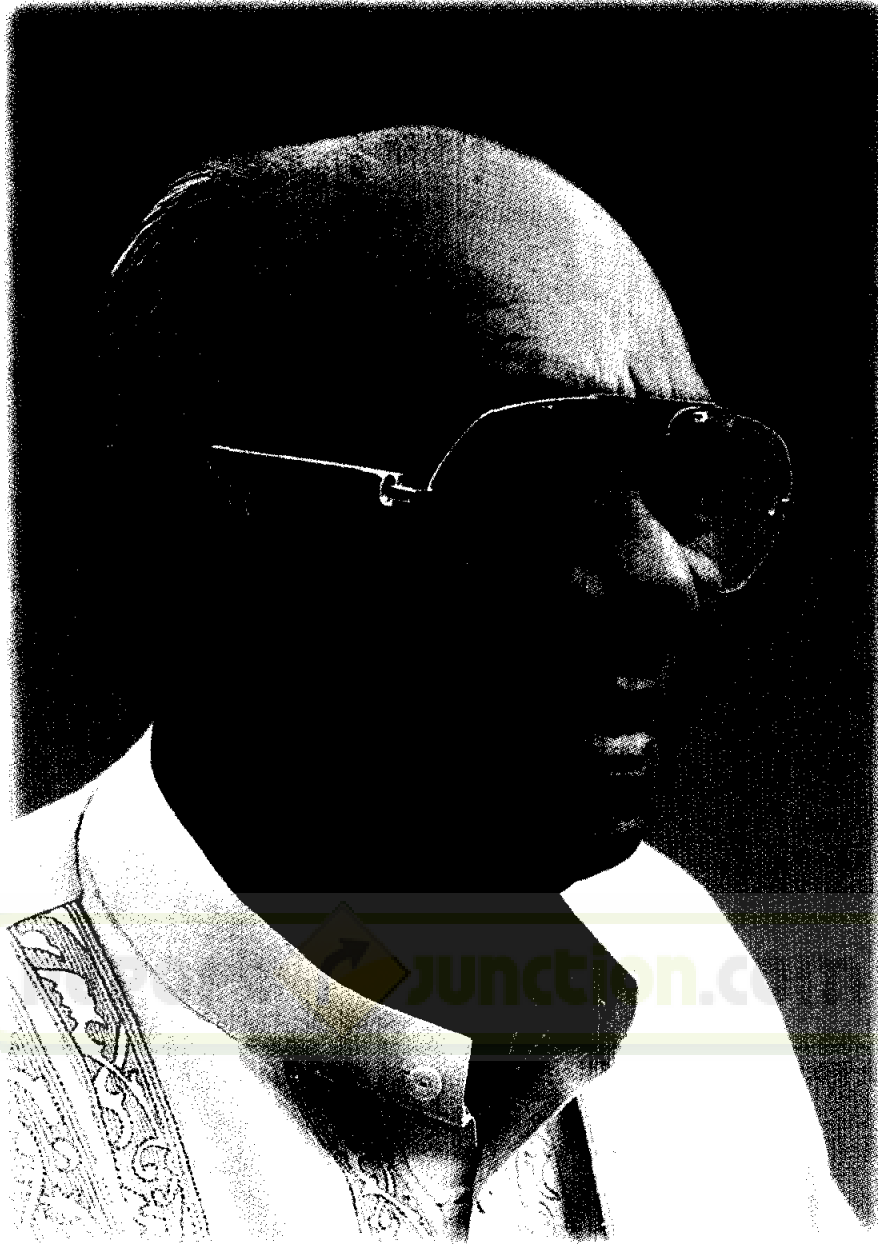
PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI
SHARDA M. KOTHARI
MITESH KOTHARI

REGISTERED OFFICE & INVESTORS' SERVICE DEPARTMENT

"Pan Parag House" 24/19, The Mall, Kanpur - 208 001.
Visit us on Internet at : <http://www.panparag.com>
E-mail : panparag@sancharnet.in
Ph. No. (0512) 312171-74, Fax No. 0512-312058



M.M. KOTHARI
Our Chairman



NOTICE :

Notice is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Members of Kothari Products Limited, will be held on Thursday, the 26th day of September, 2002 at "HOTEL LAND MARK", 10, The Mall, Kanpur at 10.30 A.M., to transact the following business :-

ORDINARY BUSINESS :

- 1) To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002 and the Profit & Loss Account for the financial year ended on that date and the Reports of the Directors' and Auditors' thereon.
- 2) To declare a dividend for the aforesaid financial year.
- 3) To appoint a Director in place of Sri Pramod Kumar Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Sri Raju B. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To re-appoint M/s Mehrotra & Mehrotra, Chartered Accountants, retiring Auditors, as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution** :-

"RESOLVED THAT pursuant to sections 198, 269 & 309 read with schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, the approval of the members of the Company be and is hereby granted to the re-appointment of Sri M.M.Kothari, Chairman (Executive), for a period of five years w.e.f. 1st October, 2002, who shall be liable to retire by rotation, on terms & conditions as mentioned below :

1. **SALARY :**

Rs. 1,00,000/- P.M.

2. **PERQUISITES :**

Such perquisites listed below as may be mutually decided between the Board and Sri M.M. Kothari, shall be payable to him, subject to maximum of annual salary.

CATEGORY - A

- (i) **HOUSING :**

- (a) The expenditure by the Company on hiring furnished accommodation for the CHAIRMAN will be subject to the ceiling of sixty percent of the salary, over and above ten percent payable by the CHAIRMAN ; or
- (b) In case the accommodation owned by the Company is provided, ten percent of the salary of the CHAIRMAN shall be deducted by the company ; or
- (c) In case no accommodation is provided by the Company, the CHAIRMAN shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (a) herein above.

Explanation :

The expenditure by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the CHAIRMAN.

- (ii) **MEDICAL REIMBURSEMENT :**

Expenses incurred in India or abroad for Medical treatment of self and his family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

**(iii) LEAVE TRAVEL CONCESSION :**

Leave travel concession for self and his family once in a year to and from any place in India or abroad subject to the condition that only actual fare shall be reimbursed.

(iv) CLUB FEES :

Fees in respect of two clubs to be borne by the Company but not the admission or life membership fees payable to the Clubs.

(v) PERSONAL ACCIDENT INSURANCE :

Accident Insurance for an amount the premium for which shall not exceed Rs. 4,000/- per annum.

Explanation :

For the purpose of Category - 'A', 'family' means the spouse, dependent children and dependent parents of the CHAIRMAN.

CATEGORY - B**(i) PROVIDENT FUND :**

The Company's contribution to Provident Fund, as per rules of the Company, subject to a ceiling of 12% of the salary. Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-tax Act, 1961.

(ii) BONUS :

Payable as per Company Rules.

(iii) GRATUITY :

Gratuity not exceeding one-half month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000/-.

CATEGORY - C**(i) MOTOR CAR :**

Free use of Car with driver for the Company's business, all the expenditure in connection there with to be borne by the company.

(ii) TELEPHONE :

Free telephone and fax facility at the residence.

Explanation :

Provisions of car for use on the Company's business and telephone and fax at residence would not be considered as prequisites. Personal long distance calls on telephone and use of car for private purpose would be billed to the Chairman by the Company and reimbursed by him to Company.

OTHER TERMS**(i) EARNED LEAVE :**

One month's leave with full pay and allowance for every completed eleven months of service. However, Leave accumulated and not availed of during his tenure as CHAIRMAN may be allowed to be encashed at the time of retirement as per rules of the company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.



(ii) **REIMBURSEMENT OF EXPENSES :**

Reimbursement of travelling, entertainment and other expenses incurred by him during the course of the business of the Company.

(iii) **SITTING FEES :**

He is not entitled to sitting fees for attending Meetings of the Board or of a Committee thereof.

(iv) **TERMINATION CLAUSE :**

The appointment shall be terminable by the Company giving to the Chairman a notice of three months of such termination or on payment of three months salary in lieu thereof and by the Chairman by notice of three months to the Company.

3. **COMMISSION :**

In addition to the above salary & perquisites, commission @1% of net profits of the Company in a particular financial year, will be payable annually.

OTHER CONDITIONS

- (a) For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

RESOLVED FURTHER THAT where during the currency of tenure of the Chairman, the Company has no profits or its profits are inadequate in any financial year, the Chairman shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above, as minimum remuneration."

Regd. Off :
'PAN PARAG HOUSE'
24/19, THE MALL, KANPUR - 208 001

By Order of the Board
for **KOTHARI PRODUCTS LIMITED**

DATE : 16th August, 2002

RAJ KUMAR GUPTA
Company Secretary



**NOTES :**

1. **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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. 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 commencement of the meeting.
3. The relevant Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956 in respect of item no. 6 is annexed hereto.
4. The Register of Members of the Company shall remain closed from Tuesday, 17th September, 2002 to Thursday, 26th September, 2002 (both days inclusive).
5. The Dividend for the year ended 31st March, 2002 as recommended by the Board, if sanctioned at the meeting, will be paid, subject to deduction of tax at source as applicable, to those members whose names appear in the Company's Register of Members on the date of Annual General Meeting. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
6. As per the provisions of the Income Tax Act, 1961 as amended by the Finance Act, 2002, tax @ 10.5% is required to be deducted at source if the gross amount of dividend payable to a Resident Shareholder during the financial year exceeds Rs. 2500/-. However Resident Individual Shareholders who are likely to receive dividend amount of more than aforesaid limit during a financial year and their total estimated income from dividend and other sources as provided in Section 197A (1B) of the Income Tax Act during such financial year is not likely to exceed Rs. 50000/- can claim gross dividend without deduction of tax at source by submitting declaration in Form 15G (in duplicate) with the Company on or before 16th September, 2002.

Members are requested to intimate their Permanent Account Number (PAN) allotted by Income Tax Authorities for the purpose of quoting the same on Tax Deduction Certificate for tax deducted on dividend, if any. Those members who have not been allocated PAN should furnish General Index Register (GIR) Number alongwith a declaration that PAN has not been allocated.

7. **THE MEMBERS HOLDING PHYSICAL SHARES ARE, IN THEIR OWN INTEREST, ADVISED TO PROMPTLY SEND REQUESTS FOR CHANGE OF ADDRESS AND BANK PARTICULARS TO THE SECRETARIAL DEPARTMENT AT THE REGISTERED OFFICE OF THE COMPANY. HOWEVER, THE MEMBERS HOLDING DEMAT SHARES ARE ADVISED TO INTIMATE THE CHANGE OF ADDRESS AND BANK DETAILS TO THEIR CONCERNED DEPOSITORY PARTICIPANTS.**
8. Those Members who have not encashed/received their Dividend Warrants for the financial years 1994-95 onwards may approach the Secretarial Department at the Registered Office of the Company for revalidation of Dividend Warrants or for obtaining duplicate Dividend Warrants, as the case may be.
9. Members are hereby also informed that Dividend which remains unclaimed/unencashed for a period of 7 years, from the date of transfer to unpaid Dividend Account, has to be transferred by the Company to the Investors Education & Protection Fund (IEPF) constituted by the Central Government u/s 205A & 205C of the Companies Act, 1956 respectively.

MEMBERS ARE ADVISED TO NOTE THAT THE UNPAID DIVIDEND AMOUNT RELATING TO FINANCIAL YEAR 1994-95 WILL BE TRANSFERRED BY THE COMPANY TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC. 205A (5) OF THE COMPANIES ACT, 1956 IN APRIL 2003. FURTHER, NO CLAIM SHALL LIE, IN RESPECT OF THE AFORESAID DIVIDEND TRANSFERRED TO THE FUND, EITHER AGAINST THE COMPANY/ITS OFFICERS OR AGAINST THE GOVERNMENT.



10. Members desirous of getting any information at the Annual General Meeting about the accounts and operations of the company are requested to send their query at the Registered office well in advance so that the same may reach the Office atleast seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
11. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular those holding shares as sole holder are advised to avail of the above facility in their own interest, by furnishing to the Company the particulars of their nominations. The prescribed application form may be obtained by the shareholders from the Company's Secretarial Department at its Registered Office.
12. Members are requested to bring their copies of Annual Report at the meeting. Please note that no gifts will be distributed at the meeting.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SEC. 173(2) OF THE COMPANIES ACT, 1956 :

ITEM NO. 6 :

The re-appointment of Sri M.M. Kothari as a Chairman (Whole Time Director) of the Company was previously approved by the members in its 14th Annual General Meeting held on 25th March, 1998 for a period of five years w.e.f. 1st October, 1997. Therefore his tenure will come to an end on 30th September, 2002.

In view of his expertise in the field of Pan Masala industry your Board of Directors have decided to re-appoint him as Chairman (Executive) for a further period of five years w.e.f. 1st October, 2002 on the terms and conditions as mentioned in the Special Resolution at item No. 6 of the Notice.

The above stated reappointment and remuneration requires approval of shareholders in General Meeting by way of Special Resolution under schedule XIII to the Companies Act, 1956 as Sri M.M.Kothari has exceeded the age of 70 years.

None of the Directors other than Sri M.M. Kothari himself, Smt. Sharda M.Kothari, Sri Deepak Kothari and Sri Mitesh Kothari, being his relatives, are concerned or interested in the proposed resolution.

Your Directors recommend the resolution mentioned at Item No. 6 for being passed as Special Resolution.

The above may also be treated as an abstract of the terms of reappointment of the aforesaid Director and Memorandum of his interest, pursuant to Section 302 of the Companies Act, 1956.

Regd. Off :
'PAN PARAG HOUSE'
24/19, THE MALL, KANPUR - 208 001

for **KOTHARI PRODUCTS LIMITED**

DATE : 16th August, 2002

RAJ KUMAR GUPTA
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS,

The Board of Directors of your Company feel delighted in presenting their 18th Annual Report and Audited Statements of Accounts for the financial year ended 31st March, 2002. Despite economic slowdown internationally and uncertainty in the field of Pan Masala & Gutkha industry, your Company has performed well.

FINANCIAL PERFORMANCE

(RS. IN LACS)

	FINANCIAL YEAR ENDED 31.03.2002	FINANCIAL YEAR ENDED 31.03.2001
Net Sales	28216	21148
Other Income	1113	1611
Profit before Depreciation and Taxation	9395	5762
Less : Depreciation	108	104
Provision for Diminution in value of Investments	-600	600
Provision for Taxation :		
-Current Tax	800	1800
-Deferred Tax	94	—
Profit after Tax	9172	3258
Add : Balance of Profit brought forward from previous year	947	850
Profit available for appropriation	10119	4108
APPROPRIATIONS		
Transfer to General Reserve	2500	2500
Proposed Dividend	600	600
Additional Tax on Proposed Dividend	—	61
Balance of Profit carried forward	7019	947
	10119	4108

2002 IN RETROSPECT :

Your Directors are pleased to report that the Company's sales have gone up to Rs. 28216 Lacs as against Rs. 21148 lacs during the previous financial year. The Profit before Tax during the year increased to Rs.9887 Lacs as against Rs. 5058 Lacs in the previous year. The Profit after Tax has similarly increased to Rs. 9172 Lacs as against Rs. 3258 Lacs in the previous year.

INTERNATIONAL BUSINESS :

The Company's export during the year under review reached to Rs. 2090 Lacs as compared to Rs. 2074 Lacs during the previous year.

DIVIDEND RECOMMENDED :

The Directors recommend the declaration of dividend of Rs. 12/- per share for the financial year ended 31st March, 2002 absorbing Rs. 600 Lacs.