

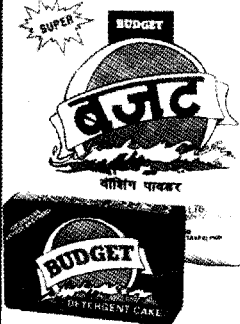
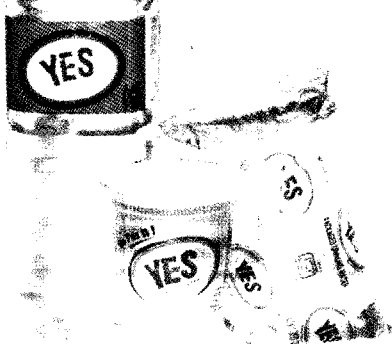















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KOTHARI
 PRODUCTS LIMITED

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KOTHARI
PRODUCTS LIMITED

BOARD OF DIRECTORS

(As on 30th June, 2004)

Chairman

M.M. KOTHARI

Managing Director

DEEPAK KOTHARI

Executive Director

MITESH KOTHARI

Directors

ONKAR NATH CHATURVEDI

DR. AVINASH GUPTA

PRAMOD KUMAR TANDON

Company Secretary

RAJ KUMAR GUPTA

AUDITORS

MEHROTRA & MEHROTRA

Chartered Accountants

16/49, Civil Lines

Kanpur - 208 001

REGISTERED OFFICE & SECRETARIAL 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) 2312171-74, Fax No. 0512-2312058

AUDIT COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI

DR. AVINASH GUPTA

O.N. CHATURVEDI

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI

MITESH KOTHARI

DR. AVINASH GUPTA

REMUNERATION COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

O.N. CHATURVEDI

DR. AVINASH GUPTA



KOTHARI
PRODUCTS LIMITED



M.M. KOTHARI
Our Chairman

**NOTICE :**

Notice is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the Members of Kothari Products Limited, will be held on Thursday, 23rd September, 2004 at "HOTEL LAND MARK", 10, The Mall, Kanpur at 11.00 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, 2004 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 O.N.Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Sri Pramod Kumar Tandon, 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 authorise the Board of Directors of the Company 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 subject to the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, listing agreement, Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted hereinafter) and all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the Company is hereby accorded for voluntary delisting of the Company's Equity Shares from U.P. Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd., The Stock Exchange, Ahmedabad, The Madras Stock Exchange Ltd. & The Delhi Stock Exchange Association Ltd.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do, sign & execute all such acts, deeds & documents as may be necessary to give effect to the above."

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

By Order of the Board
for KOTHARI PRODUCTS LIMITED

RAJ KUMAR GUPTA
Company Secretary

DATE : 30th June, 2004


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 Thursday, 16th September, 2004 to Thursday, 23rd September, 2004 (both days inclusive).
5. The Dividend for the year ended 31st March, 2004 as recommended by the Board, if approved by the members, will be paid to the physical members whose names appear in the Company's Register of Members on 15th September, 2004. In respect of shares held in electronic form, the dividend will be payable on the basis of their beneficial ownership as at the end of aforesaid date as per details furnished by National Securities Depository Ltd. and Central Depository (Services) Ltd. for this purpose.
6. THE MEMBERS HOLDING PHYSICAL SHARES ARE, IN THEIR OWN INTEREST, ADVISED TO SEND IMMEDIATELY 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 IMMEDIATELY INTIMATE THE CHANGE OF ADDRESS AND BANK DETAILS TO THEIR CONCERNED DEPOSITORY PARTICIPANTS.
7. Those Members who have not encashed/received their Dividend warrants for the financial years 1996-97 onwards may approach the Secretarial Department at the Registered Office of the Company for revalidation of Dividend Warrants or for obtaining duplicate Dividend Warrants in lieu of the lost warrants.
8. Members are hereby also informed that Dividends which remain unclaimed/unencashed for a period of 7 years, from the date of transfer to the unpaid Dividend Accounts, have to be transferred by the Company to the Investors Education & Protection Fund (IEPF) constituted by the Central Government u/s 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Sec.205B of the Companies Act, 1956, no claim shall lie for the unclaimed Dividend from IEPF by the shareholders. The unpaid Dividend amount relating to the Financial Year 1994-95 has been transferred to the Investor Education & Protection Fund in the month of April, 2003.

MEMBERS ARE AGAIN ADVISED TO NOTE THAT THE UNPAID DIVIDEND AMOUNT RELATING TO FINANCIAL YEAR 1995-96 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC.205A (5) OF THE COMPANIES ACT, IN JULY 2004, AS ALREADY INFORMED TO YOU IN THE LAST YEARS' ANNUAL REPORT. 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.

MEMBERS ARE FURTHER ADVISED TO NOTE THAT THE UNPAID DIVIDEND ACCOUNT RELATING TO FINANCIAL YEAR 1996-97 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND, AS PER THE PROVISIONS OF SEC. 205A (5) OF THE COMPANIES ACT, 1956, IN MARCH, 2005. 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.

9. Members desirous of getting any information at the 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.
10. 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 share holders from the Company's Secretarial Department at its Registered Office.
11. Members are requested to bring their copies of Annual Report at the meeting. Please note that no gifts will be distributed at the meeting.


KOTHARI
 PRODUCTS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT, 1956 :
ITEM NO.6 :

The Company's Equity shares are presently listed on the following stock exchanges in India :-

1. The Stock Exchange, Mumbai (BSE)
2. National Stock Exchange of India Ltd. (NSE)
3. The U.P. Stock Exchange Association Ltd.
4. The Delhi Stock Exchange Association Ltd.
5. The Stock Exchange, Ahmedabad
6. The Madras Stock Exchange Ltd.
7. The Calcutta Stock Exchange Association Ltd.

Consequent to the recent rapid changes in the Capital Market and with the availability of nation wide trading facility coupled with wide and extensive networking of the BSE & NSE terminals all over across the country, investors have access to online dealings in the Company's shares across the country and substantial volume of trading is carried out through these two principal exchanges. Accordingly the trading volume of the Company's shares at other Stock exchanges (Regional Stock Exchanges) where the Company's Equity shares are listed is negligible. Since the trading volume on the aforesaid regional Stock Exchanges is negligible hence does not justify the payment of the listing fee to them. The Company believes that no particular benefit is available to the shareholders of the company by continuing the listing of Company's Equity shares on the aforesaid Regional Stock Exchanges. Moreover the aforesaid Regional Stock Exchanges do not provide any value added services to the company or to its shareholders. The company is therefore contemplating delisting of its equity shares from the aforesaid Regional Stock Exchanges.

As per recent SEBI (Delisting of Securities) Guidelines, 2003 an exist opportunity need not be provided to the shareholders of the company on delisting of its equity shares from the aforesaid Regional Stock Exchanges so long as its equity shares continue to be listed at BSE or NSE.

The proposed voluntary delisting of the Company's shares from the aforesaid Regional Stock Exchanges will not only result in substantial savings to the company by way of non payment of Annual Listing Fees but also reduce a lot of administrative work. The aforesaid delisting will not adversely affect any investors including the shareholders of the company located in the regions where the aforesaid regional stock exchanges are situated, since the shares continue to be listed an BSE & NSE.

Since the aforesaid SEBI Guidelines require passing of a special resolution for voluntary delisting of the Company's Equity shares from the aforesaid Regional Stock Exchanges hence the special resolution at item No.6 of the notice.

The Board of Directors recommend the passing of the Special resolution at item No.6 of the notice.

None of the Directors of the Company is concerned or interested in the aforesaid resolution.

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

for KOTHARI PRODUCTS LIMITED

DATE : 30th June, 2004

RAJ KUMAR GUPTA
Company Secretary


KOTHARI
 PRODUCTS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Board of Directors of your Company present herewith their 20th Annual Report and Audited Statements of Accounts for the financial year ended 31st March, 2004. The report also includes the Management discussion & Analysis Report in accordance with guidelines of Corporate Governance.

FINANCIAL PERFORMANCE :

(RS. IN LACS)

	FINANCIAL YEAR ENDED 31.03.2004	FINANCIAL YEAR ENDED 31.03.2003
Net Sales	16764	23590
Other Income	3930	938
Profit before Depreciation and Taxation	5865	6935
Less : Depreciation	156	168
Provision for Taxation :		
- Current Tax	575	600
- Deferred Tax	25	-5
Earlier Year Taxation	7	54
Profit after Tax	5103	6118
Add : Balance of Profit brought forward from previous year	7105	7018
Profit available for appropriation	<u>12208</u>	<u>13003</u>
APPROPRIATIONS :-		
Transfer to General Reserve	5000	5000
Proposed Dividend	796	796
Additional Tax on Proposed Dividend	102	102
Balance of Profit carried forward	6310	7105
	<u>12208</u>	<u>13003</u>

2004 IN RETROSPECT :

Your Directors are to report that the Company's sales during the year under review have been Rs.16764 Lacs as against Rs.23590 Lacs during the previous financial year. The decrease in sales has been due to imposition of ban on the Company's products in the States of Andhra Pradesh, Arunachal Pradesh, Bihar, Goa, Jharkhand, Maharashtra & Tamilnadu. Further the decrease in sales has also been due to anticonsumption campaigns carried out by various organisations. The Profit before tax during the year has been Rs.5709 Lacs as against Rs.6766 Lacs in the previous year. The Profit after Tax has similarly decreased to Rs.5103 Lacs as against Rs.6118 Lacs in the previous year.

INTERNATIONAL BUSINESS :

The Company's export during the year under review increased to Rs.2958 Lacs as compared to Rs.2253 Lacs during the previous year registering an increase of 31.29%.

DIVIDEND RECOMMENDED :

The Directors recommend a dividend of 120% (Rs. 12/- per Equity share of Rs. 10/- each) for the financial year ended 31st March, 2004 subject to approval of shareholders in ensuing Annual General Meeting absorbing Rs.796 Lacs. The aforesaid Dividend is tax free in the hands of the shareholders.


KOTHARI
 PRODUCTS LIMITED

APPOINTMENT OF FRANCHISEE :

The Company has during the year under review appointed one more franchisee at Kathmandu, Nepal for manufacturing the products of the company under its brand name "Parag".

SUBSIDIARY :

The Company has Sukhdham Construction & Developers Ltd., as its wholly owned subsidiary Company. In accordance with Section 212 of the Companies Act, 1956, the detailed accounts and the Director's Report etc. of the aforesaid Subsidiary Company form a Part of this Annual Report.

SCHEME OF AMALGAMATION :

As reported in the last year's Annual Report the scheme of Amalgamation of Kothari Pouches Ltd. & Kothari Beverages Pvt.Ltd. with the Company had become effective w.e.f. 18th November, 2003 (the appointed date being 1st April, 2002) and consequently pursuant to the aforesaid scheme, 1631970 equity shares of Rs.10/- each were allotted to the shareholders of the transferor companies on 19th November, 2003 and listing applications in respect of the aforesaid Equity shares have been made to all the stock exchanges where the company's existing shares are listed. Listing Permission from some of the stock exchanges have been received and from some of the stock exchanges the same is awaited.

DIRECTORS :

Sri O.N.Chaturvedi & Sri Pramod Kumar Tandon, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Brief resume of the aforesaid Directors, nature of their expertise in specific functional areas & names of Companies in which they hold the Directorship & the membership/Chairmanship of the committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Section on Corporate Governance elsewhere in the Annual Report.

Further Sri Raju B. Shah & Smt. Sharda M. Kothari, the non-executive Directors of the Company have resigned from the Directorship of the Company w.e.f. 1st June, 2004 & 2nd June, 2004 respectively. The Board of Directors has accepted their resignations & expressed its gratitude for the valuable guidance & service rendered by them during their respective tenures.

STOCK EXCHANGE LISTING & COMPLIANCE :

The Shares of the Company are listed on seven stock exchanges at Bombay, Madras, Delhi, Calcutta, Ahmedabad, U.P. and National Stock Exchanges and the listing fees have been duly paid to all of them regularly & timely. The Company has complied with all the requirements relating to the Listing Agreement and the amendments made thereto from time to time. The proposal of delisting from aforesaid stock exchanges, except Mumbai & National Stock Exchange, is contained in the notice of the ensuing Annual General Meeting.

CORPORATE GOVERNANCE CODE :

The report on the Corporate Governance Code as required under clause 49 of the Listing Agreement is included in this Annual Report under a separate section.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Sec.217 (2AA) introduced by the Companies (Amendment) Act, 2000, your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- (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 the year;
- (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 annual accounts on a going concern basis.