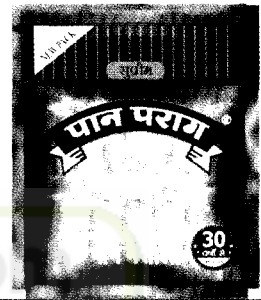
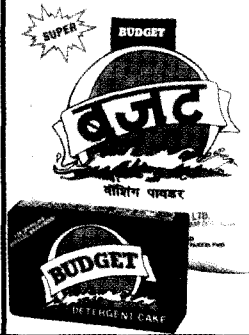




Bond of
Purity & Taste

Our Products



PAN PARAG





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BOARD OF DIRECTORS

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



PRODUCTS LIMITED



M.M. KOTHARI
Our Chairman



NOTICE :

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Kothari Products Limited, will be held on Tuesday, 20th September, 2005 at "LITTLE CHEF", Civil Lines, Kanpur at 11.30 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, 2005 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 Dr. Avinash Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Sri Mitesh Kothari, 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 provisions of the Companies Act, 1956, SEBI (Delisting of Securities) Guidelines 2003, the Securities Contract Regulation Act, 1956, the Listing Agreements and such other applicable laws, rules, regulations, guidelines framed thereunder, for the time being in-force & subject to such approvals, permissions & sanctions as may be necessary, the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting of its shares from the U.P. Stock Exchange Association Ltd., Kanpur, Bombay Stock Exchange Ltd., Mumbai & National Stock Exchange of India Ltd., Mumbai .

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

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

"RESOLVED THAT approval of the Company be and is hereby given, pursuant to the provisions of section 149(2A) of the Companies Act, 1956, to the commencement by the Company of new businesses, provided in clauses 25 & 26 of the Object Clause III [C] of the Memorandum of Association of the Company viz. that of buying, selling and otherwise dealing in all kinds of Agricultural products, Food, Food Products, Gold, Diamond, precious stones, Jewellery, oil seeds & commodities of all kinds agricultural or otherwise etc.."

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

By Order of the Board
for KOTHARI PRODUCTS LIMITED

Sd/-

RAJ KUMAR GUPTA
Company Secretary

DATE : 28th July, 2005



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 & 7 is annexed hereto.
4. The Register of Members of the Company shall remain closed from Tuesday, 13th September, 2005 to Tuesday, 20th September, 2005 (both days inclusive).
5. The Dividend for the year ended 31st March, 2005 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 12th September, 2005. 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 1997-98 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 u/s 205A to the Investors Education & Protection Fund (IEPF) constituted by the Central Government u/s 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 form IEPF by the shareholders.

The unpaid Dividend amount relating to the Financial Years 1994-95, 1995-96 & 1996-97 have been transferred to the aforesaid Investors Education & Protection Fund in the month of April, 2003, August, 2004 & May, 2005.

MEMBERS ARE AGAIN ADVISED TO NOTE THAT THE UNPAID DIVIDEND AMOUNT RELATING TO FINANCIAL YEAR 1997-98 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC. 205A (5) OF THE COMPANIES ACT, IN MARCH 2006. 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 shareholders 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.



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

ITEM NO. 6 :

The consent of members is sought for the proposed delisting of Company's shares from the U.P. Stock Exchange Association Ltd., Kanpur, Bombay Stock Exchange Ltd., Mumbai & National Stock Exchange of India Ltd., Mumbai as per the special resolution. On the condition of the resolution being passed subject to further requisite approvals and compliance of the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, the shares of the Company shall not continue to be listed on the above Stock Exchanges.

At present the equity shares of the company are listed at the U.P. Stock Exchange Association Ltd., Kanpur, Bombay Stock Exchange Ltd., Mumbai, National Stock Exchange of India Ltd., Mumbai & Calcutta Stock Exchange Association Ltd. Delisting application has already been sent, among others, to the Calcutta Stock Exchange on 8th March, 2005 pursuant to the Special Resolution passed in the Last Annual General Meeting. However delisting confirmation letter is awaited from the said stock exchange.

The delisting of the shares of the company is thought fit by the Board of Directors for the following reasons :-

- A. Your Company had amalgamated Kothari Pouches Ltd. and Kothari Beverages Pvt. Ltd. amalgamated with itself in the year 2003. Pursuant to the same, the float of the shares in the market has reduced to approximately 19.21%, which is below the minimum non-promoter shareholding of 25% as per the Listing Agreement.
- B. The volume of trading of the shares is also not significant. As a result, the promoters have two options either to issue shares to the public to maintain the 25% non-promoter holding or acquire the shares from the remaining public and delist itself.
- C. In view of the threats in the Pan Masala & Gutkha Industry and the uncertain outlook of the Company, the operations may or may not generate appropriate returns for the shareholders of the Company. Keeping this in mind, the Board of Directors have agreed for delisting as the best option to provide an exit opportunity to the shareholders.
- D. Also, the Company does not have any plans for further issue of share capital also as the funds requirement for any expansion plan can be easily met out of the reserves and the profits generated by the company.
- E. Though the non-promoter holding was thought to be increased to 25% threshold limit, the delisting proposal is being mooted with the promoters desire to give appropriate exit option on reasonable terms to small shareholders for above reasons.

Considering the circumstances, the Board recommends passing of the special resolution at item No. 6 included in the accompanying Notice, as the proposed resolution is in the interest of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO. 7 :

With a view to diversify the business of the company, the Board of Directors of your Company has decided to commence new businesses viz. buying, selling and otherwise dealing in all kinds of Agricultural products, Food, Food Products, gold, diamond, precious stones, jewellery, oil seeds & commodities of all kinds agricultural or otherwise. The aforesaid businesses, inter alia, are covered under clauses 25 & 26 of the "other objects" clause of the Memorandum of Association of the company. Since section 149 (2A) of the Companies Act, 1956 requires passing of a special resolution by the members of the company in a General Meeting for commencing any business covered in other objects clause of the Memorandum of Association hence the proposed Special Resolution under item No. 7 of the Notice is recommended by the Board to be passed by the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

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

By order of the Board
for KOTHARI PRODUCTS LIMITED

Sd/-

RAJ KUMAR GUPTA
Company Secretary

DATE : 28th July, 2005


KOTHARI
 PRODUCTS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS:

The Board of Directors of your Company present herewith their 21st Annual Report and Audited Statements of Accounts for the financial year ended 31st March, 2005. The report also includes the Management discussion and Analysis Report in accordance with guidelines of Corporate Governance.

FINANCIAL PERFORMANCE :

	FINANCIAL YEAR ENDED 31.03.2005	(RS. IN LACS) FINANCIAL YEAR ENDED 31.03.2004
Net Sales	21128	16764
Other Income	1928	3930
Profit before Depreciation and Taxation	4652	5865
Less : Depreciation	203	156
Provision for Taxation :		
- Current Tax	662	582
- Deferred Tax	-62	25
Profit after Tax	3849	5103
Add : Balance of Profit brought forward from previous year	6310	7105
Profit available for appropriation	10159	12208
APPROPRIATIONS :		
Transfer to General Reserve	5000	5000
Proposed Dividend	663	796
Additional Tax on Proposed Dividend	95	102
Balance of Profit carried forward	4401	6310
	10159	12208

2005 IN RETROSPECT :

Your Directors are to report that the Company's sales during the year under review have been Rs. 21128 Lacs as against Rs. 16764 Lacs during the previous financial year. The sales have gone up during the year under review as compared to previous year due to 100% urban penetration, innovative packaging, overall market growth and better media campaign. The Profit before tax during the year has been Rs. 4449 Lacs as against Rs. 5709 Lacs in the previous year. The Profit after Tax has similarly decreased to Rs. 3849 Lacs as against Rs. 5103 Lacs in the previous year. The fall in profits has been mainly due to increase in cost of raw & packing materials and decrease in other income as compared to previous year.

INTERNATIONAL BUSINESS :

The Company's export during the year under review increased to Rs. 5096 Lacs as compared to Rs. 2958 Lacs during the previous year registering an increase of 72.28%. The aforesaid increase in Export turnover has been due to better market penetration.

DIVIDEND RECOMMENDED :

The Directors recommend a dividend of 100% (Rs. 10/- per Equity share of Rs. 10/- each) for the financial year ended 31st March, 2005 subject to approval of shareholders in ensuing Annual General Meeting absorbing Rs. 663 Lacs (Approx). The aforesaid Dividend is tax free in the hands of the shareholders.



SUBSIDIARY :

During the year under review Arti Web Developers Pvt. Ltd. has become 100% subsidiary of the Company. Accordingly the Company now has Sukhdham Constructions & Developers Ltd. & Arti Web-Developers Pvt.Ltd., as its wholly owned subsidiary companies. In accordance with section 212 of the Companies Act, 1956, the detailed accounts and the Directors' Report etc. of the aforesaid subsidiary companies form part of this Annual Report.

DIRECTORS :

Dr. Avinash Gupta & Sri Mitesh Kothari, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of the aforesaid Directors, nature of their expertise in specific functional areas and 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 this Annual Report.

DELISTING OF SHARES :

During the year under review company had applied for delisting from Ahmedabad, Delhi, Madras & Calcutta. While delisting permission has been granted by the Ahmedabad, Delhi & Madras Stock Exchanges but the same is still awaited from Calcutta Stock Exchange.

The Board of Directors of your company has decided to go for delisting of shares of the company from all the stock exchanges due to the reasons mentioned in the Explanatory Statement annexed to the notice of the ensuing Annual General Meeting.

STOCK EXCHANGE LISTING & COMPLIANCE :

The Shares of the Company are presently listed at Bombay Stock Exchange Ltd., Mumbai, U.P. Stock Exchange Association Ltd., Kanpur, Calcutta Stock Exchange Association Ltd., Kolkata & National Stock Exchange of India Ltd., Mumbai. Delisting Application has been sent by the Company to the Calcutta Stock Exchange on 8th March, 2005 and delisting confirmation letter is awaited. The Company has complied with all the requirements relating to the Listing Agreement and the amendments made thereto from time to time.

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.

MANAGEMENT DISCUSSION & ANALYSIS REPORT :

The information, as required under clause 49 of the Listing Agreement, is as under :-

a) INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Company mainly belongs to Pan Masala & Gutkha Industry which has some units in the organised sector and a large number of units in the unorganised sector. The industry is now-a-days passing through a very tough time. Various State Governments have already banned the manufacture, sale & distribution of Pan Masala & Gutkha in various states as mentioned earlier.