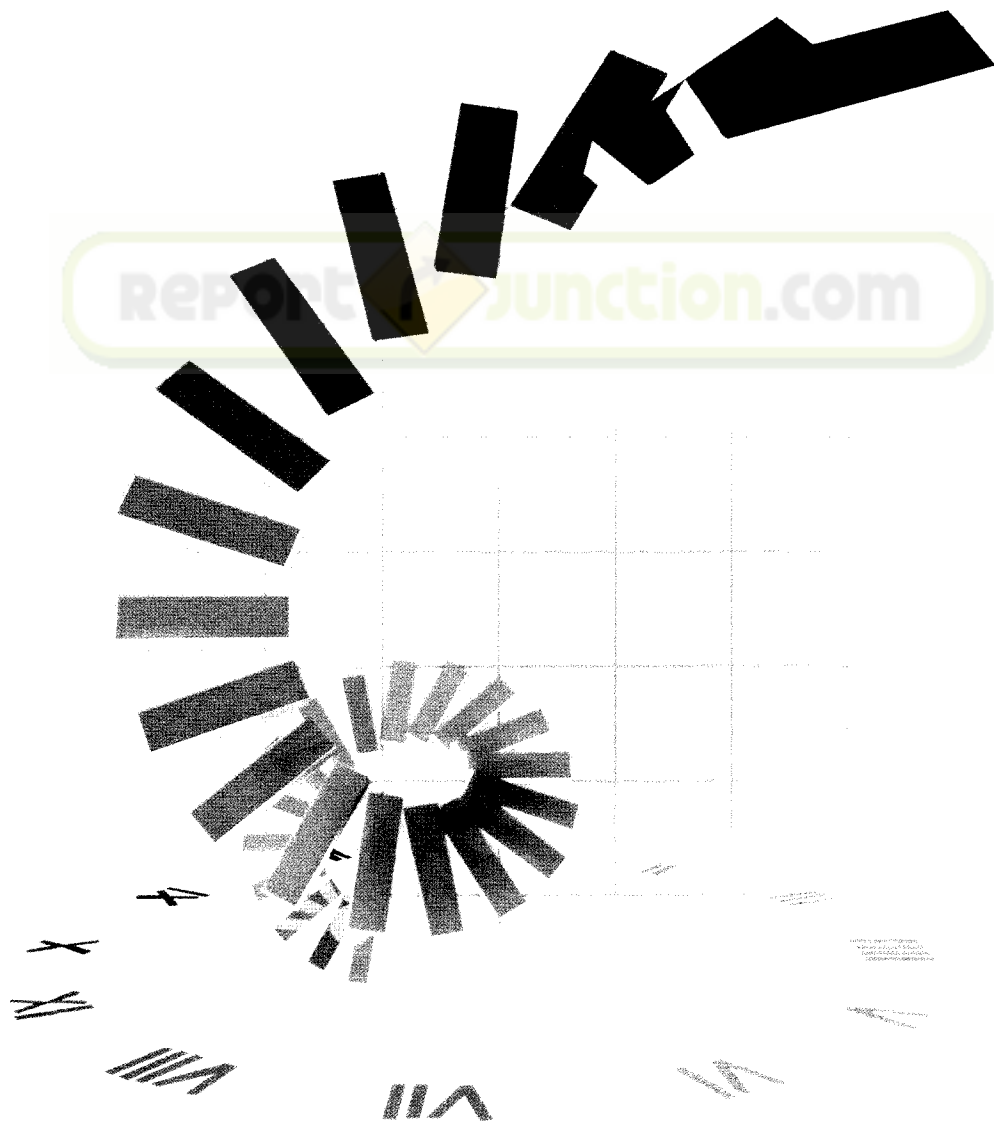




KOTHARI
PRODUCTS LIMITED



25th Annual Report 2008-2009

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BOARD OF DIRECTORS

Chairman

M.M. KOTHARI

Managing Director

DEEPAK KOTHARI

Executive Director

MITESH KOTHARI

Directors

DR. AVINASH GUPTA

PRAMOD KUMAR TANDON

VIKAS CHATURVEDI

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 : kothari@panparag.com

Ph. Nos. (0512) 2312171-74, Fax No. (0512) 2312058

INVESTORS' GRIEVANCE E-MAIL ID

E-mail : rkgupta@panparag.com

AUDIT COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI

DR. AVINASH GUPTA

VIKAS CHATURVEDI

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DEEPAK KOTHARI

MITESH KOTHARI

DR. AVINASH GUPTA

REMUNERATION COMMITTEE

Chairman

PRAMOD KUMAR TANDON

Members

DR. AVINASH GUPTA

VIKAS CHATURVEDI



M.M. KOTHARI
Our Chairman

**NOTICE :**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Kothari Products Limited, will be held on Thursday, the 24th September, 2009 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, 2009 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 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 pursuant to section 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 one year w.e.f.1st October, 2009, who shall be liable to retire by rotation, on terms & conditions as mentioned below :-

A. SALARY :

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

B. 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 & furnishing 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 & 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. 3,50,000/-.

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

Free use of Car with driver for the Company's business, all the expenditure in connection therewith 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 perquisites. 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 ITEMS**(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 the 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.

C. COMMISSION :

In addition to the above salary and perquisites, commission @ 2% of Net profits of the Company in a particular financial year, will be payable annually.



OTHER CONDITIONS

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 salary and perquisites not exceeding the limits specified above subject to schedule XIII, as minimum remuneration.”

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

“RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (hereinafter referred to as “the Board”) to mortgage and/or charge, in addition to the mortgage(s)/charge(s) created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine, subject to maximum amount of Rs.500 Crores of charges outstanding at any time, on all or any of the movable and/or immovable property(ies) of the company, both present and future and/or whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s), Agents(s) and Trustee(s) for securing the borrowing(s) availed/to be availed by the Company, by way of loan(s) (in foreign currency and/or Indian currency) and Securities (comprising fully/partially convertible and/or non-convertible debentures with or without detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instrument) issued/to be issued by the Company from time to time, subject to the limits approved under section 293(1) (d) of The Companies Act, 1956. together with interest at the respective agreed rates, additional interest, compound interest and in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of loans Agreement(s)/other Agreement(s)/Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s) in respect of said loans/borrowings/debentures/other securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between Board of Directors and the Lender(s)/Agent(s) and Trustee(s)”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to finalise, settle and execute such documents/deeds/writings/papers/ agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid.”

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

By Order of the Board
for KOTHARI PRODUCTS LIMITED

DATE : 27th June, 2009

Sd/-
(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 Register of Members of the Company shall remain closed from Thursday, 17th September, 2009 to Thursday, 24th September, 2009 (both days inclusive).
4. The Dividend for the year ended 31st March, 2009 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 16th September, 2009. 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 (India) Ltd. for this purpose.
5. THE MEMBERS HOLDING PHYSICAL SHARES ARE, IN THEIR OWN INTEREST, ADVISED TO SEND IMMEDIATELY REQUESTS FOR CHANGE OF ADDRESS AND BANK PARTICULARS, IF ANY, TO OUR REGISTRAR i.e. ALANKIT ASSIGNMENTS LTD., CORPORATE OFFICE, "ALANKIT HOUSE", 2E/21, JHANDEWALAN EXTENSION, NEW DELHI - 110 055, PHONE NOS. (011) 23541234/42541234 & FAX NOS. (011) 42541967/23552001. HOWEVER, THE MEMBERS HOLDING DEMAT SHARES ARE ADVISED TO IMMEDIATELY INTIMATE THE CHANGE OF ADDRESS AND BANK DETAILS TO THEIR CONCERNED DEPOSITORY PARTICIPANTS.
6. Those Members who have not encashed/received their Dividend warrants for the financial years 2001-02 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.
7. 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 from IEPF by the shareholders.

The unpaid Dividend amount relating to the Financial Years 1994-95, 1995-96, 1996-97, 1997-98, 1998-2000 (Interim), 1998-2000 (Final) & 2000-01 have been transferred to the aforesaid Investor Education & Protection Fund.

MEMBERS ARE AGAIN ADVISED TO NOTE THAT THE UNPAID DIVIDEND AMOUNT RELATING TO FINANCIAL YEAR 2001-02 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC.205A (5) OF THE COMPANIES ACT, 1956 IN SEPTEMBER, 2009. 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.

8. 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.
9. 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.
10. 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 re-appointment of Sri M.M. Kothari as Chairman (Executive) of the Company was previously approved by the Members of the Company in its 24th Annual General Meeting held on 18th September, 2008 for a period of one year w.e.f. 1st October, 2008.



Therefore his tenure will come to end on 30th September, 2009. In view of his expertise in the field of Pan Masala Industry, your Board of Directors has decided to re-appoint him as Chairman (Executive) for a further period of one year w.e.f. 1st October, 2009 on the terms & conditions as mentioned in the Special Resolution at item No. 6 of the Notice. The aforesaid reappointment and remuneration have been approved by the remuneration committee. The above stated re-appointment 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, 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.

ITEM NO. 7

In order to meet the requirements of funds for the diversified business operations the Company needs to borrow from banks by way of various credit facilities. The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable and/or immovable property (ies) of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge on any of the movable and/or immovable property(ies) and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293 (1) (a) of The Companies Act, 1956. Hence, it is necessary for the members to pass an ordinary resolution under the said Section.

The Board of Directors accordingly recommend the resolution set out in item no.7 of the accompanying notice for the approval of the members.

None of the Directors is in any way concerned or interested in the passing of 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 : 27th June, 2009



DIRECTORS' REPORT

TO THE MEMBERS:

The Board of Directors of your Company presents herewith its 25th Annual Report and Audited Accounts for the financial year ended 31st March, 2009. The report also includes the Management discussion and Analysis Report in accordance with the guidelines of Corporate Governance.

FINANCIAL PERFORMANCE :

	FINANCIAL YEAR ENDED 31.03.2009	(RS. IN LACS) FINANCIAL YEAR ENDED 31.03.2008
Net Sales :	9654	20069
Other Income	1561	5160
Profit before Depreciation, Taxation & Exceptional Items	1271	6769
Less : Depreciation	160	208
Provision for Taxation :		
-Current Tax	165	1181
-Deferred Tax	10	17
-Tax Adjustments for earlier years	(-) 238	0
Exceptional Income	0	1083
Profit after Tax & Exceptional Items	1174	6446
Add : Balance of Profit brought forward from previous year	16065	11027
Profit available for appropriation	17239	17473
APPROPRIATIONS		
Transfer to General Reserve	130	632
Proposed Dividend	663	663
Additional Tax on Proposed Dividend	113	113
Balance of Profit carried forward	16333	16065
	17239	17473

2009 IN RETROSPECT :

Your Directors are to report that the Company's sales turnover during the year under review has been Rs.9654 Lacs as against Rs.20069 Lacs during the previous financial year. The Profit before tax during the year has been Rs.1111 Lacs as against Rs.6561 Lacs in the previous year. The Profit after Tax has also similarly decreased to Rs.1174 Lacs as against Rs.6446 Lacs in the previous year. The sales and Profitability of the Company have gone down mainly due to the demerger of Pan Masala, Beverages & Trading Divisions of the Company.

INTERNATIONAL BUSINESS :

The Company's exports during the year under review have decreased to Rs.5367 Lacs as compared to Rs.12813 Lacs during the previous year. The aforesaid fall in Export turnover which substantially include the Export of Pan Masala has been mainly due to the demerger of Pan Masala, Beverages & Trading Divisions of the Company.

DIVIDEND RECOMMENDED :

Your Directors recommend a dividend of 100% (Rs.10/- per Equity share of Rs.10/- each) for the financial year ended 31st March, 2009 subject to approval of shareholders in ensuing Annual General Meeting, absorbing Rs.776 Lacs (Approx) including additional tax on dividend. The aforesaid Dividend is tax free in the hands of the shareholders.