



**KOTHARI**  
PRODUCTS LIMITED

AIMING HIGH... GROWING GLOBAL

ANNUAL REPORT 2009-2010

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## BOARD OF DIRECTORS

### *Chairman & 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.kothariproducts.in>

E-mail : [kothari@panparag.com](mailto:kothari@panparag.com)

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

## INVESTORS' GRIEVANCE E-MAIL ID

[rk Gupta@kothariproducts.in](mailto:rk Gupta@kothariproducts.in)

## AUDIT COMMITTEE

### *Chairman*

PRAMOD KUMAR TANDON

### *Members*

DEEPAK KOTHARI

DR. AVINASH GUPTA

VIKAS CHATURVEDI

## SHAREOWNERS'/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 Founder Chairman**



## From the desk of Chairman & Managing Director

Dear Shareowners,

While I write this message in the year 2010, I am also looking into the retrospect since the inception of your company about 27 years back.

It was a humble beginning of small scale manufacturing of mouth freshener in the FMCG sector by the visionary Shri M.M. Kothari. As years passed by, your company continued to stride forward facing biggest challenges, competitions and attained the glory where it is today.

This would not have been possible without the sustained toiling, determination and vision of the promoters, employees and undeterred support of you the co-owners.

The impeccable track record of wealth maximization of the co-owners is the testimony of the dedication & untiring efforts of every stakeholder be it promoter, shareowner and the employee.



### REORGANIZATION – Growth perspective

Your company registered a sustained growth and in this journey it grew many folds, to ensure proper governance and efficient management of such a large set up and looking to the synergies and segments, re-organization of its activities was imminent. Consequently with your approval the manufacturing & certain divisions were hived off into a separate legal entity in the year 2008 – 09.

### THINKING AHEAD

Looking to the global economic scenario and the existing business opportunities in most buoyant and vibrant sectors of the economy your company has ventured into the international trade, real estate and investment sectors

#### International Trade



Your Company has successfully diversified into the Import & Export of various products/ commodities, minerals, metals and petroleum products. It is also pursuing the business of International Trade through its Foreign and Domestic Subsidiary Companies vigorously and profitably.

#### Real Estate Ventures



Your Company with its subsidiaries and strategic partners has successfully embarked upon an ambitious business plan to invest in the real estate sector in the country to reap the rich dividends from the most buoyant sector of the economy.

The Company and its subsidiaries and partners have undertaken projects of development having ample space in retail, commercial, service / hospitality and residential sectors at various places in the country.

#### Investment in Securities



Kothari Products Ltd., being a profit making company has invested its surplus funds in the stocks and mutual funds besides subscribing to the share capital of subsidiary and associate companies.

Through all what I have said hereinbefore, more than three decades experience has made it possible for us to withstand in the most adverse conditions and continue on the path of sustained growth.

The greatest contribution in this journey of success has been that of our people who have stayed with us for such a long time with dedication and extreme hard work that enabled us to withstand in difficulties and adversities.

#### HR INITIATIVES

Your company is quite aware and sensitive about the importance of Human Resource under its umbrella and treats it as the most intelligent raw material in the business cycle.

It draws inspiration from the age old concepts of home building, territory possessiveness, courtship rituals and herd mentality found with the varied severity among animals and humans.

## Theory of Geese



Your company relies upon various behavioral patterns / models of modern day behavioral science and compares its human resource with that of “V” Shape Geese formation. It believes in inculcating the theory of sharing a common goal, travelling on a thrust of one another, staying in the formation showing solidarity, adaptability, sharing of leadership, encouragement to each other and sense of belongingness.

We at **Kothari** strongly believe that wisdom and lessons in life sometimes can be learnt and acquired by observations, be it man, animal, bird or for that matter nature itself.

## Work Environment

Our Motto : “A few motivated are far better than thousands humiliated”



The company lays great emphasis on creating a conducive, well defined work environment along with the unambiguous hierarchy patterns in all its business activities.

We practice most modern behavioral techniques / principles for motivation, development, growth and equal opportunities to our employees. We believe in embedding the traits of co-existence, tolerance, team-spirit, support and belongingness.

The company takes into its fold the families of the employees for their welfare, informal interaction among the families which is encouraged through various excursions and get-togethers periodically to maintain the cordial and warm relations among its employees to make the Group as “**Kothari Family**”.

## Conclusion

I would like to thank all our stakeholders especially the shareowners for their continued confidence reposed in the Management team, business partners and employees for their dedication and hard work evident from the financial results and record breaking dividend declaration.

“I assure you that ..... The Best is yet to come !!

With Warm Regards,



Deepak Kothari  
Chairman & Managing Director

29<sup>th</sup> May, 2010

## NOTICE :

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of Kothari Products Limited, will be held on Tuesday, the 21st September, 2010 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 31<sup>st</sup> March, 2010 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 Vikas Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) 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 :

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

"RESOLVED THAT in supersession of the Ordinary Resolution passed in 25<sup>th</sup> AGM of the Company held on 24<sup>th</sup> September, 2009 the consent of the Company be and is hereby accorded Under 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.750 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 of every nature & kind whatsoever together with the powers to take over the management of the business and concern of the Company, in certain events of defaults, in favour of lenders for securing the borrowing availed/to be availed by the Company by way of loans and securities issued by the Company together with interest at the respective agreed rates, additional interest, all other costs, charges and expenses and all other monies payable by the Company 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

DATE : 29th May, 2010

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

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 Tuesday, the 14<sup>th</sup> September, 2010 to Tuesday, 21<sup>st</sup> September, 2010 (both days inclusive).
4. The Dividend for the year ended 31<sup>st</sup> March, 2010 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 13<sup>th</sup> September, 2010. 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 2002-03 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 Shareowners. 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 & 2001-02 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 2002-03 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC.205A (5) OF THE COMPANIES ACT, 1956 IN DECEMBER, 2010. 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. Shareowners, 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 Shareowners 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. 5**

In the 25<sup>th</sup> AGM held on 24<sup>th</sup> September, 2009 the Company had authorized Board of Directors to create charge/mortgage in respect of the borrowings exercised subject to Rs.500 Crores.

In order to meet the enhanced capital requirements for the diversified business operations the Company needs to borrow frequently from Banks by way of various credit facilities. The borrowing by the 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 concerned Banks. The Board of Directors of the Company has decided to increase the aforesaid limit of Rs.500 Crores to Rs.750 Crores.

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 for the aforesaid increase of limit. The Board of Directors accordingly recommend the resolution set out in item no.5 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 : 29th May, 2010

## DIRECTORS' REPORT

TO THE MEMBERS:

The Board of Directors of your Company presents herewith its 26<sup>th</sup> Annual Report and Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010. The report also includes the Management discussion and Analysis Report in accordance with the guidelines of Corporate Governance.

### FINANCIAL PERFORMANCE :

(RS. IN LACS)

	FINANCIAL YEAR ENDED 31.03.2010	FINANCIAL YEAR ENDED 31.03.2009
Net Sales :	34872	9654
Other Income	8307	1561
Profit before Depreciation & Taxation	8280	1271
Less : Depreciation	121	160
Provision for Taxation :		
-Current Tax	1450	165
-Deferred Tax	24	10
-Tax Adjustments for earlier years	1	(-) 238
Profit after Tax	6684	1174
Add : Balance of Profit brought forward from previous year	16333	16065
Profit available for appropriation	23018	17239
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	668	130
Proposed Dividend	1327	663
Additional Tax on Proposed Dividend	220	113
Balance of Profit carried forward	20803	16333
	23018	17239

### 2010 IN RETROSPECT :

Your Directors are to report that the Company's sales turnover during the year under review has been Rs.34872 Lacs as against Rs.9654 Lacs during the previous financial year. The Profit before tax during the year has zoomed to Rs.8280 Lacs as against Rs.1271 Lacs in the previous year. The Profit after Tax has also similarly zoomed to Rs.6684 Lacs as against Rs.1174 Lacs in the previous year.

### INTERNATIONAL BUSINESS :

The Company's exports during the year under review has increased to Rs.23262 Lacs as compared to Rs.5367 Lacs during the previous year.

### DIVIDEND RECOMMENDED :

Your Directors recommend a dividend of 200% (Rs.20/- per Equity share of Rs.10/- each) for the financial year ended 31<sup>st</sup> March, 2010 subject to approval of Shareowners in ensuing Annual General Meeting, absorbing Rs.1547 Lacs (Approx) including additional tax on dividend. The aforesaid Dividend is tax free in the hands of the Shareowners.

### SUBSIDIARIES :

The Company has six subsidiaries namely Sukhdham Constructions & Developers Ltd., Arti Web-Developers Pvt. Ltd., MK Web-Tech Pvt. Ltd., KPL Exports Pvt. Ltd. & IMK Hotels Pvt. Ltd. as its wholly owned subsidiary Companies and Kothari Products Singapore Pvt. Ltd. as its subsidiary Company. In accordance with section 212 of the Companies Act, 1956, the detailed accounts and the Directors' Reports of the aforesaid subsidiary companies form part of this annual report.