

27th ANNUAL REPORT 2010-2011



KOTHARI
PRODUCTS LIMITED

Soaring new heights of Growth and Excellence

CONTENTS

Board of Directors	2
Founder Chairman	3
CMD's Communique	4-5
Financial Performance of Last 5 Years	6
Notice	7-11
Directors' Report	12-15
Corporate Governance Report	16-23

STANDALONE STATEMENTS:-

Auditors' Report	24-25
Balance Sheet	26
Profit & Loss Account	27
Schedules to Accounts	28-41
Balance Sheet Abstract and Company's General Business Profile	42
Cash Flow Statement	43

CONSOLIDATED STATEMENTS:-

Auditors' Report	45
Balance Sheet	46
Profit & Loss Account	47
Schedules to Accounts	48-62
Cash Flow Statement	63
Statement u/s 212 of Subsidiaries	64
Financial Details of Subsidiaries	65

Cautionary Statement

Statements in this annual report describing the company's objectives, projections, estimates and expectations may be forward looking statements with in the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the international trade, exchange rate fluctuations, significant changes in economic environment, slow down in infrastructure sector etc.

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 : info@kothariproducts.in
Ph. Nos. (0512) 2312171-74, Fax No. (0512) 2312058

INVESTORS' GRIEVANCE E-MAIL ID

rkgupta@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



“We are now gearing up for the next phase of growth through a combination of our own initiatives and forging new partnerships and quite confident of the future and see sustained robust growth on the horizon.”

CMD's Communique

Dear Fellow Shareowners,

In the last communiqué, in the year 2010, I pondered upon the history & foundation of the Company and had put my vision, objectives and shared about the business opportunities that were before us.

I shared with you our vision of venturing into the vibrant sectors of the economy including International Trade. With a sense of satisfaction and pleasure I can share that International Trade has contributed significantly towards the growth of your company registering phenomenal increase in the turnover.

Encouraged by the results yielded from this venture, our chalked out plans are in place to expand vertically and laterally with full vigour and zeal.

Infrastructure/ real estate sector although performing better than the couple of earlier years, is however, yet to accelerate to achieve the rate of growth witnessed in the recent past. Our focus is continuing in this sector and I am confident about its re-bounce to the glory soon.

The opportunities are many and we are quite focused to seize them. Although they bring risks BUT risks bring rewards. Managing risks is challenging looking to the complexities of the businesses but our approach is cautious and supported by a team of motivated professionals to manage such risks.

Government is combating with high inflation successfully although some of the measures taken by RBI recently to curb rampant inflation may affect the growth of the economy due to increase in interest rates on borrowings.

Recognising the Human Resource as the most intelligent raw material in the business cycle, we are focusing on developing their capabilities. Our HR team has undertaken various development initiatives to enhance the skill - sets of the employees.

We are now gearing up for the next phase of growth through a combination of our own initiatives and forging new partnerships and quite confident of the future and see sustained robust growth on the horizon. The following maxim inspires me the most to move ahead despite hiccups & adversities :

“When things seem difficult and life uphill,
do not look far ahead, Keep plodding on.
And inch by inch, the road will shorten till,
the roughest patches will be past and bygone
and you will look back surprised and cheered
to find that you have left so many miles behind
and very soon the tedious climb will stop.
And you will stand triumphant at the top”.

“anonymous”

Finally, I take this opportunity to express my gratitude to all our stakeholders namely you shareowners, business partners & banks for unrelenting support, employees for their dedication and hard work which made us proud by yet another exemplary financial results of record breaking turnover and dividend declaration.

With warm regards,

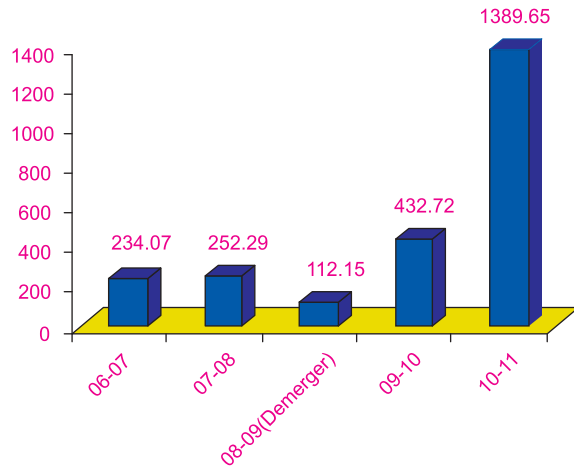
Truly,



Deepak Kothari
Chairman and Managing Director

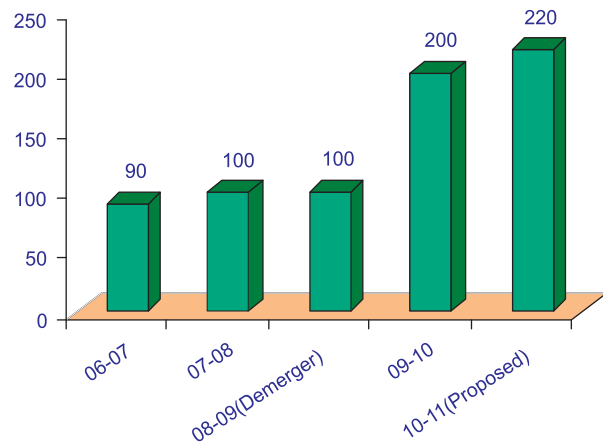
Dated : 30th May, 2011

Total Revenue (Rs. in Crores)

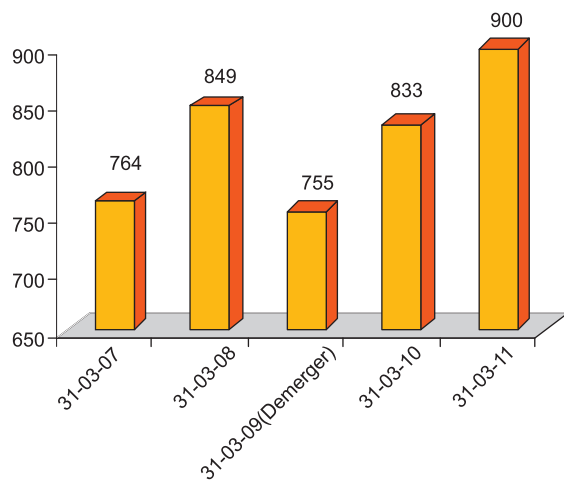


Financial Performance of last 5 Years At a Glance

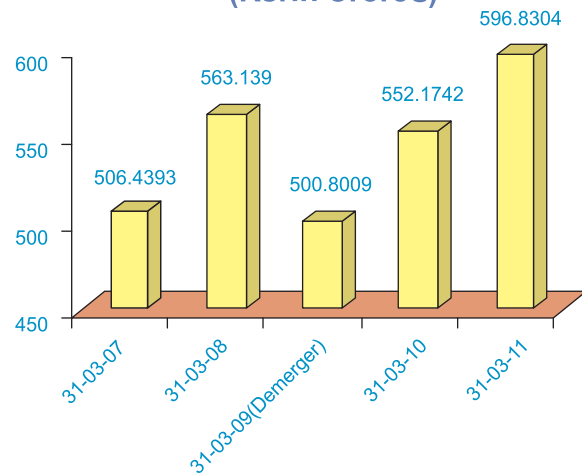
Dividend %



Book Value (per share of Rs. 10/-)



Networth (Rs. in Crores)



NOTICE :

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Kothari Products Limited will be held on Friday, the 23rd September, 2011 at "Royal Cliff", 113/72, Swaroop Nagar, Opposite Motijheel Gate No.1, 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, 2011 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 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 26th AGM of the Company held on 21ST September, 2010 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.1250 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."

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 16 and other applicable provisions, if any, of the Companies Act, 1956 the Memorandum of Association of the Company be altered in the following manner:

In Clause III (B) sub-clause 4 of the Memorandum of Association the word "decrease" in the 3rd line be substituted by the word "decrees".

In Clause III (B) sub-clause 9 of the Memorandum of Association the heading for the said clause “Guarantee and Surety” be substituted by the word “Guarantee and Surety for securities”.

In Clause III (B) sub-clause 10 of the Memorandum of Association the heading for the said clause “Guarantee and Surety” be substituted by the word “Guarantee and Surety for payment of money”.

In Clause III (B) sub-clause 12 of the Memorandum of Association the word “previous” in the 1st line be substituted by the word “provisions”.

In Clause III (B) sub-clause 15 of the Memorandum of Association the word “purpose” in the 3rd line be substituted by the word “propose”.

In Clause III (B) sub-clause 23 of the Memorandum of Association the word “ot” in the 3rd line be substituted by the word “to”.

In Clause III (B) sub-clause 31 of the Memorandum of Association the word “o” in the 6th line be substituted by the word “or”.

In Clause III (C) sub-clause 7 of the Memorandum of Association the word “on involving” in the 7th line be substituted by the word “or involving”.

In Clause III (C) sub-clause 9 of the Memorandum of Association the word “decription” in the 2nd line be substituted by the word “description”.

In Clause III (C) sub-clause 12 of the Memorandum of Association the word “problem clke” in the 2nd line be substituted by the word “coke”.

In Clause III (C) sub-clause 15(a) of the Memorandum of Association the word “assessories” in the 2nd line be substituted by the word “accessories”.

In Clause III (C) sub-clause 18 of the Memorandum of Association the word “bureauts” in the 4th line be substituted by the word “bureau”.

In Clause III (C) sub-clause 19 of the Memorandum of Association the word “theatrical” in the 8th line be substituted by the word “theatrical”.

In Clause III (C) sub-clause 21 (a) of the Memorandum of Association the word “personnal” in the 2nd line be substituted by the word “personal”.

In Clause III (C) sub-clause 23 of the Memorandum of Association the word “serticulture” in the 1st line be substituted by the word “sericulture”.

In Clause III (C) sub-clause 25 of the Memorandum of Association the word “incident” in the 5th line be substituted by the word “incidental”.

In Clause III (C) sub-clause 29 of the Memorandum of Association the word “die” in the 2nd and 3rd line be substituted by the word “dye”.

In Clause III (C) sub-clause 32 of the Memorandum of Association the word “productor” in the 3rd line be substituted by the word “products or”.

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

“RESOLVED THAT pursuant to Section 31 and other applicable provisions if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

In Article 5 of the Articles of Association the sub article 5 (i) be re-numbered as “5 (1) (i).”

In Article 5 (i) (c) of the Articles of Association the word “deline” in the 5th line be substituted by the word “decline”.

In Article 7 of the Articles of Association the word “sock” in the 3rd line be substituted by the word “stock”.

In Article 11 of the Articles of Association the word “it” in the 3rd line be substituted by the word “if”.

In Article 22 of the Articles of Association the word “then” in the 1st line be substituted by the word “than”.

In Article 29 of the Articles of Association the word “is” in the 1st line be substituted by the word “in”.

In Article 33 of the Articles of Association the word “issued” in the 3rd line be substituted by the word “issue”.

In Article 34 (1) of the Articles of Association the word “on” after the word “by” in the 7th line be removed.

In Article 37 of the Articles of Association the word “from” in the 3rd line be substituted by the word “Form”.

In Article 39 of the Articles of Association the word “on” after the word “refused” be removed and the words “what so any ” in the 3rd line be substituted by the word “whatsoever.”

In Article 58 of the Articles of Association the word “capipalisation” in the 8th line be substituted by the word “capitalization.”

In Article 67 of the Articles of Association the word “at” in the 2nd line be added after the word “transacted”.

In Article 87 of the Articles of Association the heading be changed from “Alternative Directors” to “Alternate Director” and the word “thelater’s” in the 2nd line be substituted by the words “the latter’s”.

In Article 91 of the Articles of Association the word “othorised” in the 5th line be substituted by the word “authorised”.

In Article 98 of the Articles of Association the words “no with standing” in the 2nd line be substituted by the word “notwithstanding”.

In Article 99 of the Articles of Association the word “thereby” in the 3rd line be substituted by the words “thereof by.”

In Article 103 of the Articles of Association the word “weather” in the 5th line be substituted by the word “whether.”

In Article 104 of the Articles of Association the word “generally” in the 3rd line be substituted by the word “generality” and the word “appointment” in the 3rd line be substituted by the word “appoint”.

In Article 108 of the Articles of Association the heading be changed from “To what provisions shall be subjected” to “To what provisions Managing Director shall be subjected” and the word “retiremen” in the 3rd line be substituted by the word “retirement” and the word “ot” in the 4th line be substituted by the word “to”.

In Article 110 of the Articles of Association the word “very” in the 9th line be substituted by the word “vary”.

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 : 30th May, 2011