



**KOTHARI**  
PRODUCTS LIMITED

32<sup>nd</sup> annual report  
2015-16

## CONTENTS

Board of Directors	2
Founder Chairman	3
Chairman's Letter to Shareowners	4-5
Notice	6-13
Directors' Report	14-36
Corporate Governance Report	37-50

### STANDALONE STATEMENTS:-

Auditors' Report	52-57
Balance Sheet	58
Statement of Profit & Loss	59
Notes to Financial Statements	60-74
Cash Flow Statement	75

### CONSOLIDATED STATEMENTS:-

Auditors' Report	76-79
Balance Sheet	80
Statement of Profit & Loss	81
Notes to Financial Statements	82-97
Cash Flow Statement	98
Financial Details of Subsidiaries	99
Additional Information	100

## 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  
POONAM ACHARYA

### *CS & Compliance Officer*

RAJ KUMAR GUPTA

### *Chief Financial Officer*

ANURAG TANDON

## 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](mailto:info@kothariproducts.in), [kothari@kothariproducts.in](mailto:kothari@kothariproducts.in)  
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

## STAKEHOLDERS RELATIONSHIP COMMITTEE

### *Chairman*

PRAMOD KUMAR TANDON

### *Members*

DEEPAK KOTHARI  
MITESH KOTHARI  
DR. AVINASH GUPTA

## NOMINATION & REMUNERATION COMMITTEE

### *Chairman*

PRAMOD KUMAR TANDON

### *Members*

DR. AVINASH GUPTA  
VIKAS CHATURVEDI

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### *Chairman*

PRAMOD KUMAR TANDON

### *Members*

DEEPAK KOTHARI  
DR. AVINASH GUPTA

## RISK MANAGEMENT COMMITTEE

### *Chairman*

PRAMOD KUMAR TANDON

### *Members*

VIKAS CHATURVEDI  
DR. AVINASH GUPTA  
DEEPAK KOTHARI



## “A KARMAYOGI”

Visited us between 25th July  
1925 and 27th November 2015

A TRIBUTE TO OUR  
FOUNDER CHAIRMAN SHRI  
MANSUKHLAL MAHADEV  
BHAJI KOTHARI (BABUJI)

In July, 1925 in the Village Nareli of district Surendra Nagar in Gujarat. **Respected Mansukh Bhai Kothari (Babuji)** was born in the family of Shri Mahadev Bhai Kothari. His father was an ordinary merchant/trader.

At the tender age of 11 years he started sharing the responsibilities of his father in the business. However, his ambitions could not contain him into the tiny village and at an age of 16 he started his journey of life away from home and moved to the greener pastures in the field of business and made Kanpur as his Karma Bhumi.

Starting with a meager capital he started the trading business of consumable products. Through his sheer hard work, dedication and will power he started to climb the ladders of success.

1973 was the year that became the turning point in his entrepreneurial skills starting with a cottage industry **Pan Parag** Pan Masala foundation was laid. Thereafter he never looked back not only in India but world wide **Pan Parag** became the synonym of mouth freshner . The brand became most coveted and visible brand in FMCG sector in India.

Many more manufacturing units of FMCG products were set up e.g. **Budget Washing Powder, Yes Packaged Drinking Water** etc.

He was very concerned and aware about the hardships of the society at large especially about the weaker sections of the society and established charitable trust and educational institutions for medical treatment, scholarships to the needy students, community.

A Karmayogi & an institution in himself left us for his heavenly abode on 27th November 2015 leaving behind his legacy for us to nurture.

He was a well known industrialist of India and a great philanthropist. He will always remain in our hearts and we will follow his principles, legacy & values forever.

May the sacred soul of this “**KARMAYOGI**” rest in peace.



## **Chairman's Message**

Dear Fellow Share Owners,

I am quite happy to be with you yet again to share some of my views.

At the outset I thank the Board of Directors for declaring back to back Bonus shares to all the share owners in the financial year ended March'16 as well, thus keeping up their commitment of creating wealth for the share owners.

Your Company has yet again registered a sustained growth in terms of Profits and stable revenues from operations. To conserve the resources for future growth, your Directors have taken a pragmatic view and recommended a moderate dividend this year as compared to last year.

Domestic economy has done well as compared to other countries. GDP growth showed optimism in view of moderate inflation, stable interest rates and by and large stable crude oil prices etc. “Make in India” initiative will definitely accelerate the economic growth and Infrastructure investment will give impetus to the Real estate sector growth.

In the International economic scenario, it seems that we are at the cross- roads at the moment. While the leading developed economies are showing some signs of momentum and although we witnessed a less volatile currency market, the geo political uncertainties, stagnant economic growth, fall out of Brexit etc may have short term future ramifications. The medium and Long Term appears to be full of opportunities and growth.

Going beyond business, we have made sustainable efforts to uplift the deprived society through social programs. We are focusing on providing education to children and empowering the elders of our society by undertaking projects of educational institutions & old age care centre under Corporate Social Responsibility initiative and have spent Rs.1.52 cr. in the financial year under review.

In the end I would reiterate that our people are our most important assets. We actively foster a culture of mutual trust in our interactions with our stake holders and encourage a dialogue which ensures mutual respect. I extend my gratitude to all the stake holders including consortium of Banks lead by Allahabad Bank for their continued support and faith in us.

Overall, the stage is set for sustainable growth in future and I am confident that going forward our TEAM will continue to move ahead and outperform expectations while continuing to create value for all our stake holders.

With best wishes  
Yours truly



**Deepak Kothari**

Place : Kanpur  
Dated : 21st July, 2016

**NOTICE :**

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Kothari Products Limited will be held on Friday, the 23rd September, 2016 at Hotel Vijay Intercontinental, 10/510, Khalasi Line, Tilak Nagar, Near Rave-3, Kanpur at 11:30 A.M., to transact the following businesses:-

**ORDINARY BUSINESS :**

1. To consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the financial year ended 31st March, 2016 and the Reports of the Directors' and Auditors' thereon.
2. To confirm the Interim Dividend of Rs.3/- per Equity Share of Rs 10/-each (30%) declared & paid during the aforesaid financial year as the Dividend for the said financial year.
3. To appoint a Director in place of Smt. Poonam Acharya (DIN: 07238992), who retires by rotation and being eligible, offers herself 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 give assent/dissent to the following resolution as a Special Resolution:-**

"RESOLVED THAT pursuant to the provision of sections 196, 197 & 203 read with schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment(s) thereof for the time being in force; Sri Deepak Kothari, be and is hereby re-appointed as Chairman & Managing Director (KMP) of the Company for a period of five years w.e.f. 12th October, 2016, who shall not be liable to retire by rotation, on following terms & conditions :-

**A. SALARY :**

Rs. 2,00,000/- P.M.

**B. PERQUISITES:**

Sri Deepak Kothari will be entitled to perquisites like furnished accommodation or House Rent Allowance in lieu thereof together with reimbursement of expenses for utilization of gas, electricity, water, provision of car(s) with driver(s), reimbursement of ordinary medical expenses and leave travel concession for self and his family, club fees, premium towards personal accident insurance and Mediclaim Policy and all other payments in the nature of Perquisites/allowances as may be agreed by the Board of Directors from time to time subject to the aggregate monetary value of the perquisites in a year not exceeding the Annual Salary.

**C. COMMISSION:**

In addition to the above salary and perquisites, commission @ 4% of Net profits of the Company in a particular financial year, will be payable annually.

**(a) 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 & Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Chairman & Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above subject to Schedule V, as minimum remuneration.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorized to do and sign all such acts, deeds and documents as may be considered necessary, usual or expedient to give effect to above resolution."

**6. To consider and if thought fit, to give assent/dissent to the following resolution as a Special Resolution:-**

“RESOLVED THAT pursuant to the provision of sections 196 & 197 read with schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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, Sri Mitesh Kothari be and is hereby re-appointed as Executive Director of the Company, for a period of five years w.e.f. 1st October, 2016, who shall be liable to retire by rotation, on terms & conditions as mentioned below :-

**A. SALARY:**

Rs.1, 50,000/- P.M.

**B. PERQUISITES:**

Sri Mitesh Kothari will be entitled to perquisites like furnished accommodation or House Rent Allowance in lieu thereof together with reimbursement of expenses for utilization of gas, electricity, water, provision of car(s) with driver(s), reimbursement of ordinary medical expenses and leave travel concession for self and his family, club fees, premium towards personal accident insurance and Mediclaim Policy and all other payments in the nature of perquisites/allowances as may be agreed by the Board of Directors from time to time subject to the aggregate monetary value of the perquisites in a year not exceeding the Annual Salary.

**C. COMMISSION:**

In addition to the above salary and perquisites, commission @ 4% of Net profits of the Company in a particular financial year, will be payable annually.

**(a) 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 Executive Director, the Company has no profits or its profits are inadequate in any financial year, the Executive Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above subject to schedule V, as minimum remuneration.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby severally authorized to do and sign all such acts, deeds and documents as may be considered necessary, usual or expedient to give effect to above resolution.”

**7. To consider and if thought fit, to give assent/dissent to the following resolution as a Special Resolution:-**

“RESOLVED THAT in supersession of the Special Resolution passed through Postal Ballot on 26th December, 2015 the consent of the Company be and is hereby accorded under section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 (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.3000 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 borrowings 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.”

**8. To consider and if thought fit, to give assent/dissent to the following resolution as a Special Resolution:-**

“RESOLVED THAT pursuant to Regulation 31A(7) and other relevant provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [hereinafter referred to as “SEBI (LODR) Regulations 2015”] and applicable provisions, if any, of The Companies Act, 2013, the approval of the Company be and is hereby accorded for reclassification of Smt. Sadhna Kothari from the “Promoters & Promoters Group” to the “Public” Category in the shareholding patterns and other filings to be made by the Company with the Stock Exchange(s), SEBI and/or other statutory authorities under any statutory provision or otherwise .

RESOLVED FURTHER THAT pursuant to the aforesaid approval Smt. Sadhna Kothari will cease to be the Promoter of the Company.”

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

DATE : 20th May, 2016

**By Order of the Board  
for KOTHARI PRODUCTS LTD.**

Sd/-  
**(RAJ KUMAR GUPTA)**  
**CS & Compliance Officer**

**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 BUT ONE PERSON CAN REPRESENT AS PROXY FOR NOT MORE THAN 50 MEMBERS AND FOR MEMBERS HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
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. Proxy form and attendance slip are enclosed in the Annual Report.
3. The explanatory statement pursuant to section 102 of the Companies Act, 2013, which sets out material facts relating to the special businesses to be transacted at the meeting, is annexed hereto.
4. The Register of Members of the Company shall remain closed from Friday, 16th September, 2016 to Friday, 23rd September, 2016 (both days inclusive).
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 HEIGHTS", 1E/13 JHANDEWALAN EXTENSION, NEW DELHI – 110 055, PHONE NOS. (011) 23541234 & 42541234 & FAX NO. (011) 41543474. 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 2008-09 onwards may approach immediately 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. Pursuant to the Provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company ([www.kothariproducts.in](http://www.kothariproducts.in)).
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.

The unpaid Dividend amount relating to the Financial Years 1995-96, 1996-97, 1997-98, 1998-2000 (Interim), 1998-2000 (Final), 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-07 & 2007-08 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 2008-09 WILL BE TRANSFERRED TO THE INVESTOR EDUCATION & PROTECTION FUND, AS PER THE PROVISIONS OF SEC.205A (5) OF THE COMPANIES ACT, 1956 IN OCTOBER, 2016. THE DIVIDEND FOR THE AFORESAID YEAR SHALL BE PAID ONLY ON RECEIPT OF REQUEST AND SATISFACTORY COMPLIANCE OF THE REQUISITE PROCEDURE

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 at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
9. Section 72 of the Companies Act, 2013 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