



KOTHARI FERMENTATION & BIOCHEM LIMITED

celebrating

**25
YEARS**

of excellence

ANNUAL REPORT 2014-15

The Institute of Cost Accountants of India



**11TH NATIONAL AWARD FOR EXCELLENCE
IN COST MANAGEMENT - 2013**


Awarded to

Kothari Fermentation and Biochem Ltd.

First Award

Category III: Private - Manufacturing: Organisation (Small)

Date: 25th November 2014
Place: New Delhi


CMA DR. A.S. DURGA PRASAD
President, The Institute of Cost Accountants of India

The Institute of Cost Accountants of India



**12th National Awards for Excellence
in Cost Management-2014**


FIRST AWARD

Awarded to

Kothari Fermentation and Biochem Limited

Private-Manufacturing: Organisation (Small)

Date : 15 July 2015
Place : New Delhi


CMA Dr. A. S. Durga Prasad
President

KOTHARI FERMENTATION AND BIOCHEM LIMITED



KOTHARI FERMENTATION AND BIOCHEM LIMITED

(CIN: L72411DL1990PLC042502)

Regd. Office: 16, Community Centre, First Floor, Saket, New Delhi-110017

Tel: 011-26850004, Fax: 011-41664840, Email – kfbl@airtelmail.in

Website: www.kothariyeast.in

BOARD OF DIRECTORS

Pramod Kumar Kothari	Chairman and Managing Director
Kavita Devi Kothari	Whole-Time Director
Prasanna Kumar Pagaria	Non-executive Independent Director
Ratan Lal Dudheria	Non-executive Independent Director
Kapil Dev Puri	Non-executive Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Isha Gupta

CHIEF FINANCIAL OFFICER

Arun Kumar Sekhani

BANKERS

Punjab National Bank
State Bank of Bikaner & Jaipur
ICICI Bank Limited
HDFC Bank

AUDITORS

NAHATA JAIN & ASSOCIATES
Chartered Accountants
New Delhi

REGISTERED OFFICE

1st Floor, 16, Community Centre, Saket,
New Delhi-110017

FACTORY

Village Rajarampur
Industrial Area, Sikandrabad
Distt. Bulandshahr (U.P.)

SHARE TRANSFER AGENT

Abhipra Capital Limited
Ground Floor-Abhipra Complex,
Dilkhush Industrial Area, A-387, G.T.
Karnal Road,
Azadpur, Delhi-110033

Contents.....	Page No.
Notice	1
Directors' report	4
Management Discussion and Analysis report	13
Report on Corporate Governance.....	16
Auditors' Report.....	22
Balance Sheet.....	25
Statement of Profit & Loss.....	26
Cash Flow Statement.....	27
Notes to Financial Statement	28

KOTHARI FERMENTATION AND BIOCHEM LIMITED



NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING of the members of "**KOTHARI FERMENTATION AND BIOCHEM LIMITED**" will be held on Wednesday, the 30th day of September, 2015 at 10:30 A.M. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi - 110 019, to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the company for the year ended 31st of March, 2015 including Audited Balance Sheet as at 31st March, 2015 and Statement of Profit & Loss for the year ended on that date together with Cash Flow Statement and the Reports of Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Kavita Devi Kothari (DIN: 00120415), who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s Nahata Jain & Associates, Chartered Accountants (Firm Regn. No. 016351N), New Delhi, as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

NOTES

1. a) A member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
b) Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
c) A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10 per cent of the total share capital of the Company carrying voting rights. A member holding more than ten percent 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.
d) Members / Proxies should bring the attendance slip duly filled in for attending the meeting along with their copy of Annual Report for reference.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
3. The relevant details of Directors seeking appointment/re-appointment at the AGM as required by clause 49 of the Listing Agreement with the Stock Exchanges, forms integral part of the notice.
4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN to the Company/Registrar & Share Transfer Agent (RTA).
5. Register of Members of the Company will remain closed from Wednesday, 23rd day of September, 2015 to Wednesday, the 30th day of September, 2015 (both days inclusive) for the purpose of Annual General Meeting.
6. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready at the time of Annual General Meeting.
8. Electronic copy of the Annual Report for the financial period ending 31.03.2015, along with notice, instructions for e-voting, Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
9. Members may also note that the Notice of the 25th AGM and the Annual Report 2015 will be available on the Company's website, www.kothariyeast.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: kfbf@airtelmail.in.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



10. VOTING THROUGH ELECTRONIC MEANS

a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("**Remote E-Voting**") will be provided by National Securities Depository Limited (NSDL).

b) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

d) **The remote e-voting period commences on Saturday, September 26, 2015 (9.00 a.m.) and ends on Tuesday, September 29, 2015 (5.00 p.m.).** During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, **as on the cut-off date of 23rd day of September, 2015**, may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently. The e-voting module shall be disabled by NSDL for voting thereafter.

Procedure / Instructions for E-voting

A. In case a Member receives an email from NSDL (for members whose E-mail IDs are registered with the Company/ Depository Participants):

i. Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password

ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>

iii. Click on Shareholder - Login

iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

vii. Select "EVEN" of "Kothari Fermentation & Biochem Limited".

viii. Now you are ready for remote e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vijay.sharma@vkscosecy.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM or members whose email ids are not registered with the Company/ Depository participants or requesting physical copy:

a) Initial password is provided at the bottom of the Attendance Slip for the AGM: **EVEN (E-Voting Number), USER ID; PASSWORD/PIN**

b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

Other instructions for E-voting

(A) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

(B) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

(C) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(D) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd of September, 2015.

(E) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd of September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kfbl@airtelmail.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



(F) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

(G) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

(H) Mr. V.K. Sharma, Practising Company Secretary (Membership No. - FCS-3440), has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(I) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

(J) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(K) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.kothariyeast.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai where the shares of the Company are listed.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

"Re-Appointment of Mrs. Kavita Devi Kothari (DIN: 00120415) (Item No. 2)

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st day of April, 2014, for the purpose of determining the directors liable to retire by rotation, the independent directors shall not be included in the total number of directors of the Company. In view of above, the remaining directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting in accordance with Section 152(6) of the Companies Act.

She was appointed as the Whole-Time Director of the company w.e.f. 1st April, 2013. The said appointment was approved by the members of the company at their 23rd AGM held on 28.09.2013 by way of an Ordinary resolution.

A brief resume of Mrs. Kavita Devi Kothari is provided in this Annual Report.

Upon her re-appointment as a director, Mrs. Kavita Devi Kothari shall continue to hold office as the Whole-Time Director of the Company, and such determination of office by retirement and then re-appointment would not constitute a break in her tenure of service as the Whole-Time Director. Accordingly, the Board recommends her re-appointment.

Except Mrs. Kavita Devi Kothari and Mr. Pramod Kumar Kothari, none of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financial or otherwise, in agenda Item No. 2.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

PROFILE OF DIRECTORS AND OTHER DIRECTORSHIPS

Mrs. Kavita Devi Kothari (DIN: 00120415)

Mrs. Kavita Devi Kothari is the Whole - Time director of the Company and also one of the Promoters of KFBL. She was appointed as such on 01.04.2013 for a period of 5 years which was subsequently approved by the members at the 23rd AGM held on 28.09.2013 by way of an Ordinary Resolution.

Mrs. Kavita Devi Kothari aged about 48 years is a Graduate and has considerable experience of finance & marketing functions. She has an export business running for over 10 years. She is the wife of Mr. Pramod Kumar Kothari, and has a distinct personality of her own. She has made significant contribution in conceptualizing and guiding the corporate identity of KFBL across all formats.

She holds 2,25,800 Equity Shares of face value of Rs.10/- each, constituting around 1.5% of the total paid-up share capital of the Company.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

**DIRECTORS' REPORT****TO THE MEMBERS**

Your directors are pleased to present the 25th Annual Report together with the Audited Accounts for the year ended on 31st March 2015:

1. FINANCIAL RESULTS

	2014-2015	(Rs. In lacs) 2013-2014
Turnover	6433.08	5062.57
Profit before Finance Charges & Depreciation	467.87	372.22
Finance Charges	155.30	126.93
Depreciation	172.65	189.82
Profit before Tax	139.93	55.47
Taxes:		
Current Tax	28.25	10.57
Less: MAT Credit Entitlement	(28.25)	(10.57)
Deferred Tax	53.93	17.54
Net Profit/ (Loss) after Tax	86.00	37.93

2. BUSINESS OPERATIONS

During the year under review, your company achieved production of 14026 MT during 2014-15 as compared to 11462 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 6433.08 Lacs during the year 2014-15 as compared to Rs. 5062.57 Lacs during previous year recording a growth of 27.07%. The profitability of the company is Rs. 86.00 Lacs during the year 2014-15 as compared to profit of Rs. 37.93 Lacs during previous year.

Though the beginning of the current financial year 2015-16, saw high rise in the prices of the basic raw material, i.e. Molasses and high operational costs but gradually the company utilizing the limited resources available with concerted efforts achieved a turnover growth of 27% and an increase of 126% in the profits after tax.

The operational performance during the year and the future outlook of the Company has been comprehensively covered in the Management Discussion and Analysis Report which is provided as a separate section in the Annual Report.

3. DIVIDEND

Dividend for the year has not been proposed in order to plough back profits for the growth of the Company.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and pursuant to the company's new set of Articles of Association adopted at the 24th AGM, i.e. on 29.09.2014, the Independent Directors of the Company are not be liable to retire by rotation.

In view of the above, and pursuant to Section 152(6), the remaining directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting. Thus, Mrs. Kavita Devi Kothari (DIN: 00120415) Whole-time Director of the Company retire by rotation and being eligible, offers herself for reappointment. Though, such determination of office by retirement and then re-appointment would not constitute a break in her tenure of service as the Whole-Time Director of the Company.

Brief resume of Mrs. Kavita Devi Kothari, nature of her expertise in specific functional areas and the name of the public companies in which she holds the Directorship, as stipulated under Clause 49 of the Listing Agreement, is given in the notice convening the Annual General Meeting. The Board recommends her appointment as such.

The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Pursuant to Section 203 of the Companies Act, 2013, the company designated the existing Chief Financial Officer, Mr. Arun Kumar Sekhani, as the Key Managerial Personnel of the Company. His consent along with all required disclosures as per the Act were duly obtained and recorded.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the company, work performed by the internal, statutory and secretarial auditors and the reviews performed by the Board and its committees, the Board is of the opinion that the company's internal financial controls were adequate and effective during the financial year 2014-15.

Pursuant to Sec.134 (5) of the Companies Act, 2013 the directors to the best of their knowledge and ability hereby report:

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

KOTHARI FERMENTATION AND BIOCHEM LIMITED



- ii. that the directors have selected accounting policies and applied them consistently and made judgments 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 2014-15 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, 2013 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;
- v. that the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CREDIT RATING

Your company's domestic credit rating is 'BB+' as assigned for long term debt facilities with a Stable outlook and an 'A4+' for the short term debt facilities assigned by Credit Rating Information Services of India Limited (CRISIL).

7. AWARDS & ACCOLADES

Your company has won the first prize:

- 11th National Award for Excellence in Cost Management - 2013' for FY 2012-13 and
- 12th National Award for Excellence in Cost Management - 2014' for FY 2013-14,

from the prestigious Institute of Cost Accountants of India, Delhi in the Private – Manufacturing Organization (Small) category. The Award Ceremony was held on 25/11/14 for FY 2012-13 & on 15/7/15 for FY 2013-14.

8. AUDITORS AND AUDITOR'S REPORT

A) Statutory Auditors

M/s Nahata Jain & Associates, Chartered Accountants (Regn. No. 016351N), auditors of your company retire at the ensuing annual general meeting and being eligible offers themselves for re-appointment. The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board recommends their appointment as auditors from the conclusion of this AGM to the conclusion of next AGM. The notes on accounts are self-explanatory with regards to auditors' observations. There were no qualifications, reservations or adverse remarks made by the Auditors for the year under review.

B) Secretarial Auditor

The Board had appointed M/s V.K. Sharma & Company, Practising Company Secretaries, as Secretarial Auditor to conduct the secretarial audit of the company for the financial year 2014-15, pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor forms part of the Board's Report as **Annexure 'A'**.

"In respect of observations made by the Secretarial Auditors in their Report, it is mentioned that:

1. The company had applied in BSE for listing of 89.05 lacs equity shares issued preferentially to the promoter/ promoter group in the year 2008-09. The Company had applied for listing within stipulated time and furnished all requisite documents for the listing of the same to the BSE. Regular follow up has been done with BSE, but certain queries were raised by the exchange in the year 2012. The Company has duly provided with the exchange all required clarifications and replies and has even paid the additional listing fees, as required. The matter is pending with BSE for its necessary approval.
2. The Company has made payment of Rs. 25 Lacs on account of stamp duty for registration of lease deed of the leasehold land of factory, during the year.

The Board at its meeting held on 14.08.2015 reappointed M/s V.K. Sharma & Company, Practising Company Secretaries as Secretarial Auditor for FY 2015-16.

C) Cost Auditors

As per the provisions of erstwhile Companies Act, 1956 read with Companies (Cost Audit Report) Rules, 2011, the Central Government vide its order dated 24th of January, 2012 directed our industry for conducting of Audit of Cost Accounts and Records.

Now, with the introduction of new Companies Act, the Ministry of Corporate Affairs (MCA) has by notification F No. 1/40/2013-CL-V dated 31-12-2014 notified the new Companies (Cost Records and Audit) Rules, 2014. As per new rules, our industry has not been included in the list of industries, which have to conduct Audit of Cost Accounts and Records. Hence, Cost Audit is now not applicable on the company.

9. CORPORATE GOVERNANCE

The Company is complying with Clause 49 of the Listing Agreement with regard to Corporate Governance and reports to that effect are being regularly filed with the Stock Exchanges. A report on Corporate Governance practices and the Certificate from the Auditors on compliance of the mandatory requirements thereof are made a part of the annual report.

**10. VIGIL MECHANISM**

The Company has established a vigil mechanism which is overseen by the Audit Committee for the genuine concerns expressed by the employees and the Directors. A comprehensive whistle blower policy has already been adopted by the company which provides adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The policy as approved by the Board is uploaded on the Company's website

at http://www.kothariyeast.in/financial/policies/whistle_blower_policy.pdf.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions are negotiated on an arms-length basis and are in the ordinary course of business. None of the transactions with any of related parties were in conflict with the Company's interest. Suitable disclosures as required by the Accounting Standards (AS 18) have been made in the notes to the financial statements. Therefore, the provisions of Section 188(1) of the Companies Act, 2013 are not applicable. The policy on dealing with Related Party Transactions as approved by the Board is placed on the website at http://www.kothariyeast.in/financial/policies/related_party_transactional_policy.pdf.

12. RISK MANAGEMENT POLICY OF THE COMPANY

We have adopted a Risk management policy to identify and categorize various risks, implement measures to minimize impact of these risks where it is deemed necessary and possible, and a process to monitor them on a regular basis.

13. REMUNERATION POLICY AND BOARD EVALUATION

The Board has adopted a Remuneration Policy as recommended by the Nomination & Remuneration Committee. It provides for the following:

- Criteria for determining Qualifications, Positive Attributes & Independence of the Directors.
- The basis for determining remuneration of the Directors, KMP's and other senior managerial personnel. Some of the criteria's are:
 - Responsibilities & obligations of the personnel,
 - Strategies followed & successfully implemented,
 - Performance of the company,
 - Annual targets to the extent achieved,
 - In-depth knowledge & skills required for the job, etc.
- Defining of the Roles and Responsibilities along with the Remuneration of the KMP's and Senior managerial personnel.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually. The manner of evaluation of Independent Directors, Chairman and the Board as a whole was done at a separate meeting held by Independent Directors. The performance evaluation of Independent Directors was done by entire Board, excluding Directors being evaluated.

14. DISCLOSURES**a) Number of Board & Committee Meetings:**

During the year under review, Six Board meetings, Four Audit Committee meetings, Four Stakeholders Relationship Committee meetings and One Nomination & Remuneration Committee meeting were convened and held. Details and attendance of such Board & Committees meetings are mentioned in Corporate Governance Report.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on 14.02.2015.

The Familiarization Program for the Independent Directors has been developed and has been uploaded on the website at <http://www.kothariyeast.in/financial/familiarization-programme-for-independent-directors.pdf>.

b) Deposits – The Company has not accepted any deposit from public during the year under review.**c) Share Capital** - There was no change in the Company's share capital during the year under review.**d) Audit Committee** – The Company has duly constituted an Audit Committee, whose detailed composition and powers are provided in the Corporate Governance Report. There were no recommendations of the Audit Committee which have not been accepted by the Board during the financial year.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



- e) **Extract Of Annual Return** - The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure 'B'** and is attached to this Report.
- f) **Disclosure pertaining to Managerial Remuneration** - Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **Annexure 'C'**. No employee is in receipt of remuneration as laid down in sec. 197(12) read with rule 5(2) and (3) of the above said rules. Hence the disclosure is not applicable on the company
- g) **Particulars of Loans, Guarantees or Investments under Section 186** - There were no loans, guarantees or investments made by the company during the year under review.
- h) **Prevention of Sexual Harassment** - The Company has zero tolerance for sexual harassment at workplace. A policy has been adopted in line with the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. During the year, no complaints pertaining to sexual harassment were received.
- i) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 'D'** and is attached to this report.

ACKNOWLEDGEMENTS

Your Board of Directors is thankful to all the Shareholders for their constant faith reposed in the company. They also placed on record their sincere appreciation for the wholehearted devotion and co-operation extended by the employees at all levels, which has been a source of strength to the company.

The Directors also wish to thank and deeply acknowledge the continued support, guidance and co-operation of the Customers, Auditors, Legal Advisers, Bankers, Dealers, Vendors and other stakeholders of the Company.

Place: New Delhi

Date: 14th of August, 2015

For and on behalf of the Board

Pramod Kumar Kothari

Chairman & Managing Director

ANNEXURE - A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Kothari Fermentation and Biochem Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Kothari Fermentation And Biochem Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **M/s Kothari Fermentation And Biochem Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Kothari Fermentation And Biochem Limited ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

KOTHARI FERMENTATION AND BIOCHEM LIMITED



- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. We had also examined other applicable laws which in our opinion were applicable to the company viz Factories Act 1948, Legal Metrology Act 2009, Environment Protection Act, 1986, Trademark Act 1999, to the extent they were applicable.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India had not come into effect during the period of audit for want of Central Government approval.
 - (ii) The Listing Agreements entered into by the Company with BSE Stock Exchange and DSE Stock Exchange;
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *The company had applied for listing of 89.05 lacs equity shares in the year 2008-09 to the Bombay stock Exchange (BSE). However the shares are yet to be listed as the BSE has raised some objections to which the company has submitted required clarifications/replies.*

We further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that the compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

We further report that the Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance; however the system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting is yet to be formulated.

On inspection of the minutes as captured and recorded it was ascertained that all the decisions of the Board have been carried through and there were no dissenting views.

We further report that although there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines are in place however there is need for further strengthening of the processes.

We further report that during the audit period the company has not taken any action(s) which will have a major impact on the Company's affairs, however during the year the company has made payment of Rs. 25 Lacs to the Collector of Stamps on account of stamp duty for registration of the lease deed of an immovable property.

Place: Noida

Date: 14.08.2015

For V.K.Sharma & Co.
Company Secretaries
Vijay Kumar Sharma
FCS No.: 3440
C P No.: 2019

ANNEXURE - B

EXTRACT OF ANNUAL RETURN

(As on financial year ended on 31.03.2015)

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

FORM NO. MGT - 9

I. REGISTRATION & OTHER DETAILS:

1. CIN	L72411DL1990PLC042502
2. Registration Date	26-12-1990
3. Name of the Company	KOTHARI FERMENTATION & BIOCHEM LTD.
4. Category/Sub-category of the Company	PUBLIC CO. LIMITED BY SHARES.
5. Address of the Registered office & contact details	16, COMMUNITY CENTRE, 1ST FLOOR, SAKET, NEW DELHI - 110 017
6. Whether listed company	YES
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	ABHIPRA CAPITAL LIMITED ABHIPRA COMPLEX, DILKHUSH INDUSTRIAL AREA, A-387, G.T. KARNAL ROAD, AZADPUR, DELHI - 110033 TEL. 42390725, 42390708

KOTHARI FERMENTATION AND BIOCHEM LIMITED



II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main product	National Product Code (NPCMS 2011)**	% to total turnover of the company
1	YEAST MANUFACTURING NIC - 2008 - 10790 (Manufacture of other food products)	2399600	100%

** National Product Classification for Manufacturing Sector, 2011

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

a) Category-wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	7712200	0	7712200	51.41	7712200	0	7712200	51.41	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	3515000	0	3515000	23.43	351500	0	351500	23.43	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)(1)	11227200	0	11227200	74.84	11227200	0	11227200	0	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	4900	4900	0.03	0	4900	4900	0.03	0
b) Banks / FI	4100	10400	14500	0.09	4100	10400	14500	0.09	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	4100	15300	19400	0.12	4100	15300	19400	0.12	0
2. Non - Institutions									
a) Bodies Corp.									
i) Indian	814684	42200	856884	5.71	58219	42200	100419	0.66	5.04
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	901619	975815	1877434	12.51	916050	962615	1878665	12.52	0.008
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	727162	242400	969562	6.46	1495541	242400	1737941	11.58	5.12
c) Others:									
Non Resident Indians	4214	0	4214	0.02	2714	0	2714	0.0181	0.01

KOTHARI FERMENTATION AND BIOCHEM LIMITED



Hindu Undivided Family	45306	0	45306	0.30	33661	0	33661	0.2244	25.70
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Body Corporate	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	2492985	1260415	3753400	25.02	2506185	1247215	3753400	25.02	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2497085	1275715	3772800	25.15	2510285	1262515	3772800	25.15	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	13724285	1275715	15000000	100.00	13737485	1262515	15000000	100.00	0

b) Shareholding of Promoter :-

S. N		Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kavita Kothari	225800	1.5053	NA	225800	1.5053	NA	NA
2	Moti Lal Kothari	3727000	24.8467	NA	3727000	24.8467	NA	NA
3	Moti Lal Kothari (HUF)	301800	2.0120	NA	301800	2.0120	NA	NA
4	Pramod Kumar Kothari	714200	4.7613	NA	714200	4.7613	NA	NA
5	Pramod Kumar Kothari (HUF)	2451100	16.3407	NA	2451100	16.3407	NA	NA
6	Sampat Devi Kothari	292300	1.9487	NA	292300	1.9487	NA	NA
7	Chaudhry Bros. Traders And Builders (P) Ltd.	3515000	23.4333	NA	3515000	23.4333	NA	NA

c) Change in Promoters' Shareholding: No Change

d) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Date as and when purchased/ sold shares	% change in shareholding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company		
1	Glocom Impex Pvt. Ltd.	7,40,000	4.933	7,43,000	4.953	16.01.2015	+0.02
2	Deepinder Singh Poonian	2,13,043	1.420	2,25,526	1.503	06.06.2014	+0.083
3	Ranjit Kumar Baid	1,40,000	0.933	1,40,000	0.933	NA	NA
4	Deepa Surana	1,20,900	0.806	1,20,900	0.806	NA	NA
5	Sajjan Devi Baid	1,10,400	0.736	1,10,400	0.736	NA	NA
6	Sushil Kumar Borar	76,110	0.507	76,110	0.507	NA	NA
7	H C Bhandari	66,600	0.444	66,600	0.444	NA	NA
8	Dheeraj Kumar Lohia	58,102	0.387	58,102	0.387	NA	NA
9	Sparta Holdings Limited	40,000	0.267	40,000	0.267	NA	NA
10	Raj Kumar Lohia	26,458	0.176	26,458	0.176	NA	NA
11	Foujdar Swati Avinash	22,799	0.152	27,799	0.185	03.10.2014	+0.033

e) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	1. Pramod Kumar Kothari	714200	4.7613%	714200	4.7613%
	2. Kavita Devi Kothari	225800	1.5053%	225800	1.5053%
	3. Ratan Lal Dudheria	400	0.0027%	400	0.0027%
There is no change in the shareholding of Directors & KMPs at the end of the year					

KOTHARI FERMENTATION AND BIOCHEM LIMITED



V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment:-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	107013578.00	NIL	NIL	107013578.00
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	566372.00			566372.00
Total (i+ii+iii)	107579950.00			107579950.00
Change in Indebtedness during the financial year				
---	74656860.00	NIL	NIL	74656860.00
---	(58341992.00)			(58341992.00)
Net Change	16314868.00			16314868.00
Indebtedness at the end of the financial year				
i) Principal Amount	117257396.00	NIL	NIL	117257396.00
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	334194.00			334194.00
Total (i+ii+iii)	117591590.00			117591590.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amt. in Rs./Lacs)

SN.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Mr. Pramod Kumar Kothari	Mrs. Kavita Devi Kothari	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	9.00	7.20	16.20
2	Stock Option, Sweat Equity, Commission	NA	NA	NA
	Total (A)	9.00	7.20	16.20
	Ceiling as per the New Act			14.35

The Managerial Remuneration provided to the MD/ WTD is determined by the Board duly approved at the 23rd Annual General Meeting whereby they were appointed for a term of 5 years. All compliances under Companies Act, 1956 were duly complied with at the time of their appointment as such at the abovesaid remuneration.

B. Remuneration to other directors: No remuneration is paid to Other Directors

C. Remuneration To Key Managerial Personnel Other than MD/MANAGER/ WTD

SN.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mrs. Isha Gupta (CS)	Mr. Arun Kumar Sekhani (CFO)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	4.03	3.97	8.00
2	Stock Option, Sweat Equity, Commission, Others	NA	NA	NA
	Total (A)	4.03	3.97	8.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: No penalties, punishment have been imposed on the Company, its Directors and other Officers under the Companies Act, 2013.

KOTHARI FERMENTATION AND BIOCHEM LIMITED**ANNEXURE – C****PARTICULARS OF REMUNERATION**

The information required under Section 197 of the Act and the Rules made there -under, in respect of employees of the Company, is as follows:

- a) No Remuneration is paid to Non-Executive Directors. The Ratio of the Remuneration to the Median Remuneration of the Employees of the Company for the financial year was 4.48 in respect of Mr. Pramod Kumar Kothari & 3.58 in respect of Mrs. Kavita Devi Kothari.
- b) There was no increase in remuneration paid to Executive Directors.
- c) The percentage increase in the Median Remuneration of employees in the financial year: **11.11%**
- d) The number of permanent employees on the rolls of Company as on 31.03.2015 employees is **172**.
- e) The explanation on the relationship between: Average increase in Remuneration and Company Performance - On an average, employee received an increase of about 10% The increase in remuneration is in line with the market trends and is linked to organization performance.
- f) Comparison of the Remuneration of the Key Managerial Personnel against the Performance of the Company:

Particulars	Rs/Lac
Remuneration of Key Managerial Personnel (KMP) during financial year 2014-15 (Aggregate)	24.204
Remuneration (as % of revenue i.e, Rs. 6433.08 Lakhs)	0.38%
Remuneration (as % of PBT i.e, Rs. 139.93 Lakhs)	17.30%

- g) Variation in the Market Capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	Unit	As at 31 st March, 2015	As at 31 st March, 2014	Variation
Closing rate of share at BSE	Rs.	9.02	8.87	1.69%
EPS	Rs.	0.57	0.25	128%
Market Capitalisation	Rs/lac	1353.00	1330.50	1.69%
Price Earnings Ratio	Ratio	15.82	35.48	55.41%

The last public offer was made by company in 1992 @ Rs. 10 per share.

- h) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration. The average increase in salaries of employees in 2014-15 was **10%**. Percentage increase in the Managerial Remuneration for the year was **5.6%**.
- i) Comparison of each Remuneration of the Key Managerial Personnel against the performance of the company

Particulars	Rs. In Lakhs			
	Managing Director	Whole-Time Director	CS	CFO
Remuneration	9.00	7.20	4.03	3.97
Remuneration (as % of revenue i.e, Rs. 6433.08 Lakhs)	0.14	0.11	0.06	0.06
Remuneration (as % of PBT Rs. 139.93 Lakhs)	6.43	5.15	2.88	2.84



j) The key parameters for any variable component of Remuneration availed by the Directors :

The remuneration and perquisites of Chairman and Managing Director and Whole -time Director were approved by the members. Further the Non Executive Directors are not getting sitting fees for attending Board & Committee Meetings.

**k) The ratio of the remuneration of the highest paid Director to that of employees who are not Directors but receive remuneration in excess of the highest paid Directors during the year :
Not Applicable**

l) Affirmation that the remuneration is as per the remuneration policy of the Company . .
The Company's Remuneration Policy is driven by the success and performance of the individual employees and the Company. The Company affirms Remuneration is as per the Remuneration policy of the Company.

ANNEXURE – D

INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2015

(I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

	FOR THE YEAR ENDED ON 31st MARCH, 2015	FOR THE YEAR ENDED ON 31st MARCH, 2014
1. CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION		
The company is taking all measures to conserve Energy, Power and Fuel Consumption.		
a) Electricity		
Units Consumed	11886180	10640490
Total Amount (Rs. in Lacs)	885.66	786.37
Rate/Unit Rs.	7.45	7.39
b) HSD/Furnace Oil		
Quantity (litres)	191300	128800
Total Amount (Rs. in Lacs)	108.90	72.37
Average Rate per Ltr. (Rs.)	56.93	56.19
2. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT		
Through continuous Research and Development efforts, the company has been able to maintain the quality of yeast products as compared with its competitor multinational companies. The company is constantly upgrading its technology by R&D to help in the overall development of the company.		
Expenditure on Research & Development		
a) Capital (Rs. in lacs)	---	---
b) Recurring (Rs. in lacs)	21.07	24.65
c) Total (Rs. in lacs)	21.07	24.65
d) Total R & D expenditure as percentage of turnover of Manufacturing activity	0.33	0.49
3. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Foreign exchange earnings (Rs.in lacs)	----	----
Foreign exchange outgo (Rs.in lacs)	48.02	63.93

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Kothari Fermentation & Biochem Ltd. is pleased to present its Thirteenth Analysis report covering segment wise performance and outlook.

The Indian food industry is poised for huge growth, increasing its contribution in world food trade every year. In India, the food sector has emerged as a high-profit sector on the back of the scope it offers for value addition, particularly with the food processing industry getting recognized as a high-priority area. Accounting for about 32 per cent of the country's total food market, the food processing industry is one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. The total food production in India is likely to double in the next 10 years. Our Industry being the support industry for the Food processing Industry, also expects a reasonable growth in the years to come.

Your company operates in only one segment of Manufacturing Yeast during the year 2014-15. Yeast is a fermenting and leavening agent. Yeast is rich in proteins and acts as a probiotic. Based on type, yeast is segmented into baker's yeast, brewer's yeast, feed yeast, industrial yeast and bio-ethanol yeast. Yeast is used in various end-use applications in the Food and Beverages, Feed, and Others sectors. Presently India produces approximately around 85-90,000 tons of yeast per year out of which 15% is produced by the company.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



Industry Structure and Developments

The Indian Yeast Industry comprises of three major companies which are manufacturing yeast including our company. The other two companies are multi-nationals. Your company is the only Indian Company which is in the business of manufacturing of Yeast.

There is increasing demand for yeast and yeast based products from all over the world. The potential for expansion in India is very large with countries own demand and export potential from neighboring countries. As one of the largest cane sugar producer country, India has sufficient supply of cane molasses which is the main raw material for yeast industry.

But capital cost of setting up yeast manufacturing plant is very high as practically all equipment is made in high grade stainless steel, power requirement is also very high as large volume of liquids are handle using high power pumps auto-matted control systems, separation and packing systems. Raw molasses is produced only in three months during cane crushing season and so needs to be stored.

Also the effluent generated with molasses as main raw material with high BOD and COD effluent requiring complex, elaborate and expensive treatment equipment and facilities is also a challenge posing the yeast industry. Making high quality yeast at low cost to meet continuously changing needs of baking industry, reducing carbon foot print and pollution control are biggest challenge in front of Indian and global yeast industry.

Opportunities and Threats

The growth of yeast market is directly linked to the increasing trend of processed and fast food items, especially bakery items. As per the current trend, India is presently one of the most promising markets for Baker's yeast, as its demand is continuously increasing with the rise in population and changing habits of Bakery products. India's estimated per capita consumption of bread, as compared to other European and developing countries of Asia is amongst the lowest.

But due to presence of intense competition, the company is constantly working to enter into markets, other than Bakeries, and had developed technologies for the manufacturing of Yeast based products needed for Distilleries, Feed, Food Pharmaceuticals and Biotech Industries.

Further the company has achieved zero discharge of polluted water by installing MEE (Multi Effect Evaporator) for overcoming the pollution problems.

Segment wise Performance

Manufacturing of Yeast is the only business segment of the Company during the year 2014-2015. The brand names – Kothari “SUNRISE”, “KF” and “FOUR SEASONS” have been well established in the domestic market.

The comparison of financial data with previous year's data, is provided as under the heading “Discussion on Financial Performance with respect to Operational Performance”.

Discussion on Financial Performance with respect to Operational Performance

Particulars	2014-15 (Rs. in lacs)	2013-14 (Rs. in lacs)
	Manufacturing of Yeast	Manufacturing of Yeast
a) Production (MT)	14026	11462
b) Revenue -Net sales	6433.08	5062.57
c) Result		
-Before Tax & Interest	295.23	182.40
Less:		
i) Finance Exp.	155.30	126.93
ii) Other Un-allocable Exp	-----	-----
Net Profit before Tax.	139.93	55.47
d) Capital Employed	2887.09	2807.84

The company recorded a capacity utilization of 78% of its production facilities and is undergoing a major expansion. Being an Effluent generating Industry and the management working on the policies of “**Sustainable Development**” and “**Eco-friendly manufacturing**” is simultaneously setting up the Effluent Treatment System for the capacity increase in production from 18000 MT to 25000 MT. The capacity increase would not only improve its financial performance but would also help the company face challenges and threats from the multinationals.

Future Outlook

The company is regularly reviewing its whole structure and making changes for future improvements. Your directors are making all efforts for increasing production by a capacity expansion plan during the current year. Major capital investments are being undertaken for improvement and automation of the existing production facilities. Various control systems are also being deployed for the reduction of costs and improving of the operating efficiencies.

However, continuous increase in cost of raw materials, power tariffs and fuel costs are deterrent to the growth and profitability of the company. The Company is constantly trying to be profitable by utilizing its available resources more effectively and efficiently.

**Internal Control System and their adequacy**

The Company has an internal control system with proper internal delegation of authority, supervision, checks and procedures. This system is reviewed and updated periodically in order to improve the same to meet the business requirements. The Internal Auditor of the Company has ensured adequacy and compliance of Internal Control System and that it commensurate with the size and nature of the Company and also suggests necessary checks and balances to increase the effectiveness of the system.

The Board of Directors, Audit Committee and the Management ensure that the internal control system operate effectively within the organization.

Material Developments in Human Resources/Industrial Relations Front, including number of people employed

The Company believes that the competence and commitment of its people are the key drivers for growth of the organization. There have been excellent relations between the employees at various levels and the management. The managers' help employees identify obstacles and teach them leadership techniques through training, mentoring and coaching. The Company responds to genuine grievances of employees in order to foster warm and cordial relationships between the management and the employees, increases job satisfaction of employees and ensures that employees can add value to their lives. There were 172 persons directly employed by the Company during the previous financial year on an average basis.

Forward Looking & Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Place: New Delhi

Date: 14th of August, 2015

For and on behalf of the Board

Pramod Kumar Kothari

Chairman & Managing Director

KOTHARI FERMENTATION AND BIOCHEM LIMITED



REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. The report on corporate governance for the year 2014-15 is given below:

1. **Company's Philosophy on Code of Governance:**

Philosophy on Corporate Governance envisages the attainment of the highest level of transparency and accountability, in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, the Government and the lenders.

The essence of the Corporate Governance practices across Kothari Fermentation & Biochem Limited (KFBL) is the balance struck between independent decision making and effective business controls. Essentially, at KFBL, promotion of efficient Corporate Governance practices is not only a statutory requirement but an important business enabler that helps realize long term goals while optimizing stakeholder returns.

2. **Board of Directors:**

(i) **Composition:**

The Board of Directors along with its Committees is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the company and has been vested with requisite powers, authorities and rules.

The Board of Directors consists of five Directors viz. Mr. Pramod Kumar Kothari (Chairman and Managing Director), Mrs. Kavita Devi Kothari (Whole-Time Director), Mr. Prasanna Kumar Pagaria, Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri. Mr. Pramod Kumar Kothari and Mrs. Kavita Devi Kothari are the Executive Directors and the other three Directors are Independent Non-Executive Directors. The Board of the company, therefore, meets the composition criteria as required under applicable legislation.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to business. Mr. Pramod Kumar Kothari looks after technical, legal, marketing functions and overall management of the company.

Composition & Category of Directors

Particulars	Number of Directors	Percentage of composition
Executive Director	2	40%
Non-executive Independent Director	3	60%
Total	5	100%

(ii) **Appointment & Tenure:**

The Directors of the Company are appointed by the shareholders at General Meetings. All Executive Directors are subject to retirement by rotation and at every AGM, 1/3rd of such Directors as are liable to retire by rotation, if eligible, generally offers themselves for re-appointment, in accordance with the provisions of Section 152 of the Companies Act, 2013 and that of the Articles of Association of the Company. The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

(iii) **Board meetings:**

During the year under review, 6 Board meetings were held on 30th May, 2014, 14th August, 2014, 17th September, 2014, 14th November, 2014, 14th February, 2015 and 25th March, 2015. The information stipulated under Annexure X to Clause 49 is being made available to the Board. The composition of the Board of Directors, Attendance of Directors at the Board Meetings and Annual General Meeting as also the number of other directorships in other Indian Public Limited Companies and memberships of the committees of the Board of such other companies are as follows:

Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings attended	No. of other Director-ships #	Other Companies Board's Committees	
					Chairman	Member
Mr. Pramod Kothari	Chairman & Managing Director	Yes	6	1	NIL	NIL
Mrs. Kavita Devi Kothari	Whole - Time Director	Yes	6	NIL	NIL	NIL
Mr. Prasanna Kumar Pagaria	Independent Non-executive Director	Yes	4	NIL	NIL	NIL
Mr. Ratan Lal Dudheria	-----Do----	No	2	NIL	NIL	NIL
Mr. Kapil Dev Puri	-----Do---	No	6	1	NIL	2

Number of other Directorships held in Public Limited Companies only.

(iv) **Meeting of Independent Directors:**

All independent directors are persons of eminence in their respective fields and bring a wide range of expertise and experience to the Board. The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Independent Directors had a separate meeting on 14.02.2015, wherein they reviewed the performance of the Executive Directors and discussed other matters.

The Independent Directors on appointment are issued a formal letter of appointment covering their rights, roles, etc. They are also familiarized with the recent happenings and developments of the Company through various programmes/ presentations conducted periodically.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



(v) Disclosure of relationships between Directors inter-se

Name of the Director	Designation of Director	Relationships Inter-se
Mr. Pramod Kumar Kothari	Chairman & Managing Director	Son of Late Shri Moti Lal Kothari, who was the founder of the Company and Husband of Mrs. Kavita Devi Kothari, Whole-Time Director of the Company.
Mrs. Kavita Devi Kothari	Whole - Time Director	Wife of Mr. Pramod Kumar Kothari, who is Chairman & Managing Director of the Company
Mr. Prasanna Kumar Pagaria	Non-executive Independent Director	No Relationship Inter se
Mr. Kapil Dev Puri	Non-executive Independent Director	No Relationship Inter se
Mr. Ratan Lal Dudheria	Non-executive Independent Director	No Relationship Inter se

(vi) Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually. The manner of evaluation of Independent Directors, Chairman and the Board as a whole was done at a separate meeting held by Independent Directors. The performance evaluation of Independent Directors was done by entire Board, excluding Directors being evaluated.

3. Committees of the Board

There are three committees of the Board of Directors, which have been delegated adequate powers to discharge their respective functions. These Committees are – (i) Audit Committee, (ii) Nomination & Remuneration Committee and (iii) Stakeholders Relationship Committee. The Company Secretary is the Secretary for all the Committees of the Company.

(i) Audit Committee

• Terms of Reference

As per clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, an Audit Committee exists which has been delegated all the requisite functions and powers. The broad terms of reference are:

- Supervision of the Company's internal controls and the financial reporting process and reviewing the adequacy of the internal audit control systems with the management, external & internal auditors
- Recommendation to the management, the appointment, re-appointment, replacement or removal of statutory auditors and fixation of their remuneration and other terms of appointment.
- Reviewing the internal & external auditors' performance and independence along with the effectiveness of the audit process.
- It also discusses the major financial and risk management policies followed by the company.
- Approving the transactions of the Company with the Related- parties.
- It also scrutinizes the inter-corporate loans and investments.
- Reviewing the functioning of the Vigil Mechanism/ Whistle Blower policy.
- Finalization of Quarterly Results and Annual Accounts for the recommendation to the Board of Directors.

The minutes of the Audit Committee meetings are regularly placed before the Board of Directors in their meeting and approved by them.

• Composition, Meetings and Attendance

The composition, names of the members, chairman, particulars of the meetings, and attendance of the members during the year are as follows:

Name of the Member	Status	Category	No. of Meetings attended
Mr. Prasanna Kumar Pagaria	Chairman	All are Independent/ Non-executive Directors	4
Mr. Ratan Lal Dudheria	Member		2
Mr. Kapil Dev Puri	Member		4

The Committee met 4 times during the year, i.e. on 30.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015. Mr. Pramod Kumar Kothari, Chairman & Managing Director, is the permanent invitee to the Audit Committee.

(ii) Nomination & Remuneration Committee

• Terms of Reference

The role of the committee is to devise policy on the Board's diversity. Its function is to recommend to the Board the appointment, removal and the overall evaluation of every director's performance. It has to also recommend criteria for determining qualifications, positive attributes and independence of a director and also recommending the remuneration policy for the directors, key managerial personnel and other employees. The Committee also formulates the criteria for evaluation of Independent Directors and the Board.

• Composition, Meetings and Attendance

The composition, names of the members, chairman, particulars of the meetings, and attendance of the members during the year are as follows:

Name of the Member	Status	Category	No. of Meeting attended
Mr. Prasanna Kumar Pagaria	Chairman	All are Independent/ Non-executive Directors	1
Mr. Ratan Lal Dudheria	Member		1
Mr. Kapil Dev Puri	Member		1

One meeting of the committee was held during the year on 14.08.2014

• Remuneration Policy

The Board has adopted a Remuneration Policy as recommended by the Nomination & Remuneration Committee. The Remuneration payable to the Directors and employees is linked with the performance of the company. The other criteria's for determining Managerial remuneration has been provided earlier in the Board's Report.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



Details of Remuneration paid to Directors for the year 2014-2015

(a) Executive Directors:

PARTICULARS	MR. PRAMOD KUMAR KOTHARI (Rs./Lacs)	MRS. KAVITA DEVI KOTHARI (Rs./Lacs)
Salaries	9.00	7.20
TOTAL	9.00	7.20

(b) Non- Executive Directors:

No Remuneration was paid to Non-executive Directors during the year 2014-15. Further no sitting fee was paid to the non-executive Directors during the year 2014-15 as decided by themselves for not accepting any sitting fees.

(iii) Stakeholders Relationship Committee:

• Terms of Reference

The Committee review the reports submitted by the RTA on quarterly basis. It also looks into the Investor's grievance redressal system and also reviews the effectiveness and adequacy of the same. It also expedites the process of share transfers and look into investor complaints. The Committee also monitors the implementation and compliance with the Code of Conduct for prevention of Insider Trading.

• Composition, Meetings and Attendance during the year

The Committee met 4 times during the year, i.e. on 30.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015 and the attendance at the meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Prasanna Kumar Pagaria	Chairman	4
Mr. Pramod Kumar Kothari	Member	2
Mr. Kapil Dev Puri	Member	4

Name, Designation & Address of the Compliance Officer

Mrs. Isha Gupta,
Company Secretary-cum-Compliance Officer
Kothari Fermentation & Biochem Ltd.,
1st Floor, 16, Community Centre, Saket, New Delhi- 110017
Tel. : 2685004, 40590944
E-mail : kfbf@airtelmail.in.

• Shareholders complaints and disposal thereof

The complaints of the shareholders are either addressed to the Company Secretary or the share transfer agents of the company i.e. Abhipra Capital Limited. The status of pending shareholder's/ investor's complaints is regularly reviewed at the Shareholders Relationship Committee Meeting on quarterly basis. There was no investor complaint pending as on 31.03.2015. There was no pending share transfer as on 31.03.2015.

As per clause 47 (f) of the Listing Agreement an email id [i.e. kfbf@airtelmail.in](mailto:kfbf@airtelmail.in) has been designated especially for the redressal of the security holders grievances, by the company. The mails are periodically reviewed by the Committee. 5 Investor Grievance were received and attended during the Year 2014-15 mainly related to change of address, demat, etc.

The Company generally attends all queries of investors within a period of fortnight from the date of receipt.

4. Annual General Meetings

AGM	YEAR	VENUE	DATE	TIME
24 th	2013-2014	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	29.09.2014	10.00 A.M.
23 rd	2012-2013	-----do-----	28.09.2013	10.00 A.M.
22 nd	2011-2012	-----do-----	29.09.2012	02.30 P.M.

No resolution requiring Postal Ballot was placed before the last AGM. At present no special resolution is proposed to be passed through postal ballot.

Special Resolution passed in previous three Annual General Meetings

AGM	Year	Subject of Special Resolution	Date
24 th	2013-2014	1. Authorised the Board for borrowing money over and above the paid-up share capital and free reserves upto Rs 20 crores. 2. Authorised the Board to create charge/security over the assets/undertakings of the Company in respect of borrowings 3. Approved and adopted new Articles of Association of the Company.	29.09.2014
23 rd	2012-2013	NIL	28.09.2013
22 nd	2011-2012	NIL	29.09.2012

KOTHARI FERMENTATION AND BIOCHEM LIMITED



5. Disclosures

- (i) The Company has no subsidiary company.
- (ii) The transactions with the related parties, in which Directors, relatives or the management, etc., are interested, have been incorporated in Note No. 3 4, forming part of Annual Accounts, as per Accounting Standard 18. There are no materially significant related party transactions during the year that have potential conflict with the interest of the Company at large.
- (iii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets for non-compliance by the company during the last three years
- (iv) Financial statements of the company are prepared in accordance with the Accounting Standards and the relevant provisions of the Companies Act, 2013.

6. Means of Communication

Half-yearly & Quarterly results	The results of the company are published in newspapers and also sent to the Stock Exchanges. The results are also displayed at the websites of The Bombay Stock Exchange www.bseindia.com and of the Company www.kothariyeast.in .
Which newspaper normally published in	"Financial Express" & "Jansatta"
Any website where displayed	www.bseindia.com & www.kothariyeast.in
Whether it also displays official news releases	Yes-----
The presentations made to institutional investors or to the analysts	None during the year
Whether Management Discussion & Analysis Report is a part of annual report or not	Yes, forms part of annual report

7. General Shareholder Information

(i) 25th Annual General Meeting:

Venue : "Bipin Chandra Pal Memorial Trust Auditorium",
Satindra Mohandev Charitable Medical Centre,
A-81, Chittranjan Park, New Delhi-110019
Time : 10:30 A.M.
Day & Date : Wednesday, the 30th day of September, 2015

(ii) Tentative Financial Calendar:

1. First Quarterly Results	(Unaudited/Limited Review)	July-August 2015
2. Second Quarterly Results	-----Do-----	October-November 2015
3. Third Quarterly Results	-----Do-----	January-February 2016
4. Fourth Quarterly Results	-----Do-----	April-May 2016
5. Annual Results	(Audited)	May 2016

(iii) Book Closure

Share Transfer Books and Register of Members shall remain closed from Wednesday, 23rd day of September, 2015 to Wednesday, the 30th day of September, 2015 (both days inclusive).

(iv) Dividend Payment Date

The Board of Directors has not recommended any dividend during the year.

(v) Listing on Stock Exchanges and Stock Codes

S. No.	Name & Address of the Stock Exchange	Stock Code
1.	BSE Ltd., Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Mumbai - 400 001.	507474
2.	The Delhi Stock Exchange Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002*	6395
3.	The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata - 700 001.	Applied for Delisting on 12 th June, 2000
4.	Jaipur Stock Exchange Ltd., Stock Exchange Building, Jawaharlal Nehru Marg, Malviya Nagar, Jaipur - 302 017*	-----Do-----

*Note: Delhi Stock Exchange & Jaipur Stock Exchange had been de-recognized by Securities & Exchange Board of India vide order nos. WTM/PS/45/MRD/DSA/NOV/2014 dated 19th November, 2014 & WTM/RKA/MRD/20/2015 dated 23rd March, 2015.

Annual Listing Fees for the year 2015-2016 have been paid to BSE. The Listing Fees for other three stock exchanges have not been paid as two Stock Exchanges had been de-recognized by the SEBI and the company has sought for delisting of its shares from Calcutta Stock Exchange.

(vi) Market Price Data

Monthly high/low prices and trading volumes during the financial year 2014-15 on BSE are given hereunder:

Month	High	Low	No. of Trades	No. of Shares Traded
April 2014	8.43	6.15	108	6866
May 2014	7.00	5.47	144	14617
June 2014	11.02	6.85	379	47118
July 2014	10.45	8.4	180	25269
August 2014	11.8	9.18	262	36487
September 2014	11.25	7.98	556	46802

KOTHARI FERMENTATION AND BIOCHEM LIMITED



October 2014	8.97	7.3	40	2895
November 2014	10.55	7.02	134	19693
December 2014	10.42	8.8	57	6513
January 2015	9.39	7.63	91	20291
February 2015	11.52	7.28	136	36680
March 2015	12.09	9.01	63	10542

(vii) **Registrar and Transfer Agents**

Abhipra Capital Limited,
Abhipra Complex,
Dilkhush Industrial Area,
A-387, G.T. Karnal Road, Azadpur, Delhi- 110033
Tel.: 011 - 42390725, 42390708

(viii) **Share Transfer System**

The Managing Director, Executive Director and the Company Secretary / Compliance Officer are individually authorized to attend to share transfers and issue of duplicate share certificates, once a fortnight.
The share transfers affected by the above delegated authority are approved by the Stakeholders Relationship Committee once in a quarter.
The share transfer requests received in physical form by the Company or the Company's Registrar and Transfer Agent, are registered within a period of 15 days from the date of receipt. Requests for dematerialization received from the shareholders are affected within a period of maximum 15 days.

(ix) **Distribution of Shareholding**

The distribution of shareholding as on 31st March 2015 was as follows:

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of Shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 5000	6842	2795	9637	817815	399508	1217323	5.452	2.663	8.116
2	5001 To 10000	60	190	250	50800	161625	212425	0.339	1.077	1.416
3	10001 To 20000	12	90	102	17600	141828	159428	0.118	0.945	1.063
4	20001 To 30000	8	27	35	19700	66847	86547	0.131	0.445	0.577
5	30001 To 40000	4	20	24	14300	70215	84515	0.095	0.469	0.563
6	40001 To 50000	4	15	19	18400	71227	89627	0.122	0.474	0.598
7	50001 To 100000	5	14	19	41500	103494	144994	0.277	0.699	0.967
8	Above 100000	7	21	28	282400	12722741	13005141	1.887	84.819	86.701
Total		6942	3172	10114	1262515	13737485	15000000	8.421	91.591	100.00

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of Shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 100000	6935	3151	10086	980115	1014744	1994859	6.534	6.764	13.298
2	More Than 100000	7	21	28	282400	12722741	13005141	1.883	84.819	86.702
Total		6942	3172	10114	1262515	13737485	15000000	8.417	91.582	100.00

Categories of shareholding as on 31st March 2015, was as under:

S.No.	Category	No. of Shares Held	% Shareholding
1.	Promoters	11227200	74.848
2.	Financial Institutions, Banks and Mutual Funds	19400	0.129
3.	NRIs, Foreign Nationals, OCBs and FIIs	2714	0.018
4.	Indian Public	3650267	24.335
5.	Private Corporate Bodies	100419	0.670
TOTAL		15000000	100.000

(x) **Dematerialization of Shares and Liquidity**

The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. About 91.58% of the issued share capital of the company was held in Demat Mode as on 31st March, 2015.

KOTHARI FERMENTATION AND BIOCHEM LIMITED



- (xi) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments-** Not Applicable
- (xii) **Location of Plant**
Village Rajarampur, Industrial Area, Sikandrabad, District Bulandshahr (U.P.) – 203205
- (xiii) **Address for Correspondence:**
- **With the Company:**
Kothari Fermentation & Biochem Ltd.,
1st Floor, 16, Community Centre, Saket, New Delhi – 110017
Tel.: 011 - 2685004, 40590944
E-mail : kfbf@airtelmail.in, Website: www.kothariyeast.in
 - **With the R & T Agent**
The shareholders may also address their correspondence to the RTA of the Company; their address is given in point no. (v) above.
 - As per clause 47(f) of the Listing Agreement, the company has designated an e-mail id for the investors' grievance redressal, i.e. kfbf@airtelmail.in
- (xiv) **Investor Relations**
All the queries received from shareholders during the Financial Year 2014-15 have been responded by the R&T Agent and generally replied to within a fortnight.
8. **CEO/ CFO Certification:** Pursuant to the provisions of Clause 49 of the Listing Agreement, a certificate on the Financial Statements from CEO / CFO is issued and is annexed and forms part of the Annual Report
9. **Compliance:** The certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is annexed with this report.
10. **Declaration of Compliance with Code of Conduct:**
This is to certify that as provided under Clause 49(l)(D)(ii) of the Listing Agreement with the Stock Exchanges, the Board members and the Senior Management personnel have affirmed to the compliance with Code of Conduct and Ethics for the twelve months period ended 31st March, 2015.
The non-mandatory requirements, wherever necessary, have been complied with.

For and on behalf of the Board

Place: New Delhi
Date: 14th of August, 2015

Pramod Kumar Kothari
Chairman & Managing Director

CEO / CFO CERTIFICATION

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee:

- i. Significant changes in internal control over financial reporting during the year;
- ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

For Kothari Fermentation & Biochem Ltd

Date: 14.08.2015
Place: New Delhi

Arun Kumar Sekhani
Chief Financial Officer

Pramod Kumar Kothari
Chairman & Managing Director

NAHATA JAIN & ASSOCIATES

13B, 3rd Floor, Above Central Bank of India, Chartered Accountants
Netaji Subhash Marg, Daryaganj, New Delhi-110002 Ph.: 23262052, 41564161

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Kothari Fermentation & Biochem Ltd.

We have examined the compliance of conditions of Corporate Governance by Kothari Fermentation & Biochem Ltd. during the year ended on 31st March 2015, as stipulated in revised clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

FOR NAHATA JAIN & ASSOCIATES
Chartered Accountants
Regn. No. 016351-N

Place: New Delhi
Date: 14th of August, 2015

Anil K.Jain
Partner, M. No. 93912

**INDEPENDENT AUDITOR'S REPORT****To the Members of Kothari Fermentation and Biochem Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Kothari Fermentation & Biochem Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with in this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

KOTHARI FERMENTATION AND BIOCHEM LIMITED



(e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 27 to the financial statements);

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

for **Nahata Jain & Associates**
Chartered Accountants
Firm Regn. No. 016351-N

Place: New Delhi
Date: 30th May, 2015

(**CA Anil K Jain**)
Partner, M. No.93912

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 of our 'Report on Other Legal and Regulatory Requirements')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified by the management in accordance with regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to, no material discrepancies were noticed on such verification.

(ii) (a) As explained to us inventories have been physically verified by the management at regular intervals during the year.

(b) In our opinion, procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control system.

(v) According to the information and explanations given to us, the Company has not accepted any deposits, under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under during the year under report.

(vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of the Company's products.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance dues, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance dues, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, excise duty and cess, which have not been deposited on account of dispute.

(d) According to the information and explanations given to us, there was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.



((viii)) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution and banks. There were no debenture holders during the year under audit.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were raised

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

for **Nahata Jain & Associates**
Chartered Accountants
Firm Regn. No. 016351-N

Place: New Delhi
Date: 30th May, 2015

(CA Anil K Jain)
Partner, M. No.93912

KOTHARI FERMENTATION AND BIOCHEM LIMITED

BALANCE SHEET AS AT 31st MARCH, 2015

Particulars	Note No.	31st March, 2015 Amount (Rs.)	31st March, 2014 Amount (Rs.)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2	150,000,000	150,000,000
Reserves and Surplus	3	<u>138,709,343</u>	<u>130,784,481</u>
		288,709,343	280,784,481
Non-current Liabilities			
Long-term borrowings	4	44,268,223	36,850,739
Deferred tax liabilities(net)	5	13,808,144	8,739,634
Long-term provisions	6	<u>8,461,952</u>	<u>6,311,960</u>
		66,538,319	51,902,333
Current Liabilities			
Short-term borrowings	7	64,956,837	67,206,556
Trade payables	8	28,774,787	26,706,321
Other current liabilities	9	33,170,880	20,604,545
Short-term provisions	10	<u>4,327,062</u>	<u>1,806,071</u>
		131,229,566	116,323,493
TOTAL		<u>486,477,228</u>	<u>449,010,307</u>
<u>ASSETS</u>			
Non-current Assets			
Fixed assets			
Tangible assets	11	240,141,346	208,521,228
Capital work-in-progress		<u>56,151,200</u>	<u>56,906,888</u>
		296,292,546	265,428,116
Long-term loans and advances	12	19,871,766	43,066,385
Other non-current assets	13	<u>301,472</u>	<u>171,671</u>
		20,173,238	43,238,056
Current Assets			
Inventories	14	54,904,828	37,151,211
Trade receivables	15	41,526,766	48,199,095
Cash and cash equivalents	16	15,411,186	12,710,679
Short-term loans and advances	17	58,113,828	42,095,895
Other current assets	18	<u>54,836</u>	<u>187,255</u>
		170,011,444	140,344,135
TOTAL		<u>486,477,228</u>	<u>449,010,307</u>
Significant Accounting Policies	1	-	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **NAHATA JAIN & ASSOCIATES**
Chartered Accountants

For and on behalf of the board

ANIL K. JAIN
Partner, Mem No. 093912

PRAMOD KUMAR KOTHARI
Managing Director
(DIN – 00086145)

KAPIL DEV PURI
Director
(DIN – 00278929)

PRASANNA KUMAR PAGARIA
Director
(DIN – 00162904)

Place: New Delhi
Date : 30th May, 2015

ARUN KUMAR SEKHANI
Chief Financial Officer

ISHA GUPTA
Company Secretary

KOTHARI FERMENTATION AND BIOCHEM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

Particulars	Note No.	31st March, 2015 Amount (Rs.)	31st March, 2014 Amount (Rs.)
Revenue			
Revenue from operations	19	643,308,440	506,257,475
Other Income	20	2,934,010	1,717,991
		646,242,450	507,975,466
Expenses			
Cost of materials consumed	21	313,412,991	241,661,802
Purchases of stock-in-trade	22	642,175	379,352
Decrease/(Increase) in Finished Stock & work in Progress	23	4,195,832	(461,191)
Employee benefit expenses	24	43,717,329	37,062,503
Finance costs	25	15,529,579	12,692,662
Depreciation and amortization expenses		17,264,851	18,982,302
Other expenses	26	237,486,917	192,110,995
		632,249,674	502,428,425
Profit / (loss) before tax		13,992,776	5,547,041
Tax expense			
Current tax		2,824,920	1,057,000
Less: MAT Credit entitlement		(2,824,920)	(1,057,000)
Deferred tax		5,392,767	1,753,976
Profit / (loss) for the year		8,600,009	3,793,065
Earnings per equity share (EPS)			
Basic		0.57	0.25
Diluted		0.57	0.25

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **NAHATA JAIN & ASSOCIATES**
Chartered Accountants

For and on behalf of the board

ANIL K. JAIN
Partner, Mem No. 093912

PRAMOD KUMAR KOTHARI
Managing Director
(DIN – 00086145)

KAPIL DEV PURI
Director
(DIN – 00278929)

PRASANNA KUMAR PAGARIA
Director
(DIN – 00162904)

Place: New Delhi
Date : 30th May, 2015

ARUN KUMAR SEKHANI
Chief Financial Officer

ISHA GUPTA
Company Secretary

KOTHARI FERMENTATION AND BIOCHEM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	31st March, 2015	31st March, 2014
Particulars	Amount (Rs.)	Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	13,992,777	5,547,041
Adjustments for:		
- Depreciation	17,264,851	18,982,302
- (Profit)/Loss on Sale of Assets	957,078	(2,000)
- Interest Paid	12,444,978	11,995,724
- Interest Income	(2,675,971)	(530,942)
Operating Profit before working capital changes	41,983,713	35,992,125
Adjustment for:		
- Increase / (decrease) in Trade Payable & Other Current Liabilities	9,558,748	10,024,127
- Increase / (decrease) in Long Term Provisions	2,149,992	961,072
- Increase / (decrease) in Short Term Provisions	3,577,980	1,087,704
- Decrease / (Increase) in Trade Receivable	6,672,329	(16,171,217)
- Decrease / (Increase) in Long Term Loan Advances & Non Current Assets	23,064,818	9,651,072
- Decrease / (Increase) in Short Term Loan Advances & Other Current Assets	(15,936,956)	185,274
- Decrease / (Increase) in Inventories	(17,753,617)	12,578,087
Cash used in operations	53,317,006	54,308,244
Direct taxes paid	1,005,546	-
Net Cash used in operating activities	(A) 52,311,460	54,308,244
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Sale/Deletion of Fixed Assets	1,300,000	2,000
- Interest Received on Fixed Deposits & Others	2,675,971	530,942
- Purchase of Fixed Assets including Capital Work in Progress	(51,385,763)	(42,380,734)
Net cash used in investing activities	(B) (47,409,792)	(41,847,792)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds/(Repayment) of Long Term borrowings	12,493,536	(2,690,334)
- Proceeds from Short Term borrowings	(2,249,719)	4,247,584
- Interest paid	(12,444,978)	(11,995,724)
Cash Generated/ used in Financing Activities	(C) (2,201,161)	(10,438,474)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,700,507	2,021,978
Cash & Cash Equivalents being Cash & Bank Balance		
(Opening Balance)	12,710,679	10,688,701
Cash & Cash Equivalents being Cash & Bank Balance		
(Closing Balance)	15,411,186	12,710,679

As per our report of even date attached

For and on behalf of the board

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

ANIL K. JAIN

Partner, Mem No. 093912

PRAMOD KUMAR KOTHARI

Managing Director

(DIN – 00086145)

KAPIL DEV PURI

Director

(DIN – 00278929)

PRASANNA KUMAR PAGARIA

Director

(DIN – 00162904)

Place: New Delhi

Date : 30th May, 2015

ARUN KUMAR SEKHANI

Chief Financial Officer

ISHA GUPTA

Company Secretary

KOTHARI FERMENTATION AND BIOCHEM LIMITED



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd...)

1. CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

A) CORPORATE INFORMATION

Kothari Fermentation and Biochem Limited ("The Company") is a public limited company incorporated in 1990 under the provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing of Yeast and its derivatives.

The equity shares of the Company are presently listed on Bombay Stock Exchange (BSE). The Company is headquartered at New Delhi and the works of the Company is situated at Village Rajarampur, Industrial Area Sikandrabad, Distt. Bulandshahr in the State of U.P.

B) SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 2013 and are based on the historical cost conventions. The Company follows the mercantile system of accounting and recognizes income and expenses (including financial charges) on accrual basis except claims.

(ii) USE OF ESTIMATES

The Preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(iii) FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and pre-operative expenses relating to period prior to commencement of commercial production and net of Vat credit availed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loan and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work-in-Progress".

(iv) DEPRECIATION (Tangible Assets)

a) Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Part 'C' of Schedule II to the Companies Act, 2013 except in the case of continuous process plant and machinery where the life of assets is taken as 18 years as per the management estimates based on technical advice and history of usage.

b) Depreciation has been calculated on a pro-rata basis from the date of acquisition / installation of additions to assets during the year, and pro-rata upto the date of disposal in case of deletion.

c) No amount is being written off on Leasehold land and Freehold land.

(v) INVENTORIES

a) Stores, spare parts, loose tools, raw material and packing material are valued at cost or net realizable value, whichever is less.

b) Finished goods are valued at material cost plus expenses or net realizable value, whichever is less.

c) Stock in trading division is valued at cost and related expenses or net realizable value, whichever is less.

d) Stock in process is valued at material cost plus attributable expenses or net realizable value, whichever is less.

(vi) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred. Capital expenditure on Research and Development is included in Fixed Assets.

(vii) SALES

Sales of goods are recognized at the point of despatch from factory to customers and sales from Depot are recognized at the time of billing to the customers. Sales are net of returns, rebate, damaged goods and exclusive of Vat/Sales tax.

(viii) TAXATION

Tax expenses comprise current tax and deferred tax charge or credit. Current tax is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

(ix) EMPLOYEE BENEFITS

Defined Contribution Plan

Fixed contribution to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the company.

Defined Benefit Plan

A) Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

B) Accumulated Compensated Absence: Provision for liabilities in respect of leave encashment is made on the basis of actual leaves as at the balance sheet date.

Short Term Benefits

Short Term Employees benefits are recognized as an expense on an undiscounted basis in the Profit & Loss Account of the year in which the related service is rendered.

(x) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of acquisition. Monetary items are translated at the rates prevailing on reporting dates. The exchange difference between rate prevailing on the date of transaction and on the date of settlement and also on translation of monetary items at the reporting date is recognized as income or expense.

(xi) EARNING PER SHARES

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

(xii) BORROWING COST

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost till the assets are ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

(xiii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(xiv) EVENTS OCCURRING AFTER BALANCE SHEET DATE

Events occurring after balance sheet date have been considered in the preparation of financial statement.

(xv) IMPAIRMENT OF ASSETS

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to profit and loss account, in the year in which asset is identified as impaired.

KOTHARI FERMENTATION AND BIOCHEM LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015 (Contd...)

	As at 31st March, 2015 Amount (Rs.)	As at 31st March, 2014 Amount (Rs.)
2. SHARE CAPITAL		
Authorised		
Equity shares of Rs.10/- par value		
1,50,00,000 (Previous Year 1,50,00,000)	150,000,000	150,000,000
Issued, subscribed and fully paid-up		
Equity shares of Rs.10/- par value		
1,50,00,000 (Previous Year 1,50,00,000)	150,000,000	150,000,000
	150,000,000	150,000,000
Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:		
	Amount (Rs.)	Amount (Rs.)
outstanding at the beginning of the year		
1,50,00,000 (Previous Year 1,50,00,000)	150,000,000	150,000,000
outstanding at the end of the year		
1,50,00,000 (Previous Year 1,50,00,000)	150,000,000	150,000,000
Terms / rights attached to equity shares:		
The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled for pari passu voting right. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
Details of shareholders holding more than 5% equity shares in the Company:		
	As at 31st March, 2015	As at 31st March, 2014
	No. of Shares held	No. of Shares held
	% of Holding	% of Holding
Equity shares of Rs. 10/- each fully paid-up		
(i) Moti Lal Kothari	3,727,000	3,727,000
(ii) Pramod Kumar Kothari-HUF	2,451,100	2,451,100
(iii) Chaudhry Brothers Traders & Builders Pvt. Ltd.	3,515,000	3,515,000
	As at 31st March, 2015 Amount (Rs.)	As at 31st March, 2014 Amount (Rs.)
3. RESERVES & SURPLUS		
Capital Reserves		
As per last Balance Sheet	56,289,542	56,289,542
(A)	56,289,542	56,289,542
Surplus / (deficit) in the statement of profit and loss		
balance at the beginning of the year	74,494,939	70,701,874
Add : Net Profit / (Net Loss) for the current year	8,600,009	3,793,065
Less: Appropriations	83,094,948	74,494,939
Adjustment relating to Fixed Assets (refer Note No.11.1)	675,147	-
balance at the end of the year	82,419,801	74,494,939
(B)	82,419,801	74,494,939
(A+B)	138,709,343	130,784,481

KOTHARI FERMENTATION AND BIOCHEM LIMITED

4. LONG TERM BORROWINGS

	As at 31st March, 2015 (Rs.)		As at 31st March, 2014 (Rs.)	
	Non-Current portion	Current maturities	Non-Current portion	Current maturities
<u>Term Loan (secured)</u>				
From Banks	3,585,925	2,228,568	-	-
From Others	40,406,155	5,313,475	36,156,550	2,053,405
Vehicles Loans	276,143	490,293	694,189	902,878
	44,268,223	8,032,336	36,850,739	2,956,283
Less: Amount disclosed under head "Other Current Liabilities" (Note No. 9)	-	8,032,336	-	2,956,283
	44,268,223	-	36,850,739	-

- 4.1 Term Loan of Rs.65.00 lacs taken from Punjab National Bank during the current financial year carries interest @ 11.75% p.a. and repayable in 35 monthly installment from the due date of repayment viz. Dec. 2014. The aforesaid loans are secured by hypothecation of a Machinery and other fixtures required for its operation (i.e. German Separator Machine) and security hypothecated for CC limit i.e. stock and book debts.
- 4.2 Term Loan of Rs.452.00 lacs taken from Religare Finvest Limited during the financial year 2010-11 has been repaid during the current financial year.
- 4.3 Term Loan of Rs.497.00 lacs taken from TATA Capital Financial Services Limited during the current financial year carries interest @ 12.00% p.a., repayable in 84 monthly installment from the due date of repayment viz. 9th June 2014. The aforesaid loans are secured by immovable property belonging to a director and one of the promoters of the company and guaranteed by the other promoters.
- 4.4 Vehicle loans are secured against hypothecation of motor vehicles purchased thereunder which are repayable on different dates.

5. DEFERRED TAX LIABILITIES (NET)

In line with the method recommended by the Accounting Standard AS-22 on "Accounting for Taxes on Income" components of deferred tax assets and liabilities as on 31st March, 2015 are given as under:

A. Deferred Tax Liabilities

a. Timing Difference in depreciable assets	21,645,541	19,066,011.00
Total (A)	21,645,541.00	19,066,011.00

B. Deferred Tax Assets

a. Unabsorbed depreciation	3,663,727	7,407,930.00
b. Expenses allowable in future under I T Act, 1961	4,173,670	2,918,447.00
Total (B)	7,837,397.00	10,326,377.00

Net Deferred Tax Liabilities/(Assets) (A-B)	13,808,144.00	8,739,634.00
--	----------------------	---------------------

6. LONG TERM PROVISIONS
Provision for Employee Benefits

Gratuity (funded)	8,461,952	6,311,960
	8,461,952	6,311,960

**As at
31st March, 2015
Amount (Rs.)**

**As at
31st March, 2014
Amount (Rs.)**

7. SHORT TERM BORROWINGS
SECURED

From Banks		
Cash Credits	64,956,837	46,804,356
Buyers Credit in foreign currency	-	20,402,200
	64,956,837	67,206,556

- 7.1 Cash Credit facilities from banks together with interest and other charges thereon are secured by way of hypothecation of stock (raw material, stock in process, semi finished and finished goods) and book debts. The same is also secured by equitable mortgage on the immovable properties of the Company situated at Village Rajarampur Industrial Area, Sikandrabad, Bulandshahar (U.P.) and by way of hypothecation charge over all moveable assets forming part of fixed/block of assets of the company. The facility is also guaranteed by the directors of the Company. The same are repayable on demand and carries interest @ BR+2.25%-0.75% on monthly rest.

KOTHARI FERMENTATION AND BIOCHEM LIMITED

8. TRADE PAYABLE

Due to Micro, Small & Medium Enterprises (Refer Note No.29)	-	-
Others	28,774,787	26,706,321
	28,774,787	26,706,321

9. OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowing (secured)		
Term Loan- from banks	5,313,475	-
Term Loan- from others	2,228,568	2,053,405
Vehicles Loans	490,293	902,878
Advance from Customers	1,638,408	1,079,535
Interest Accrued but not due	334,194	566,372
Creditors for Capital Goods	7,260,570	4,921,194
Statutory Dues Payable	2,488,984	1,925,339
Other payables	13,416,388	9,155,822
	33,170,880	20,604,545

10. SHORT TERM PROVISIONS

Provision for Taxation	2,824,920	1,057,000
Provision for Employee Benefits		
Leave Encashment	1,502,142	749,071
	4,327,062	1,806,071

11. FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK	
	Balance as on 1st April, 2014	Additions/ adjustments	Deletion/ adjustments	Balance as on 31st Mar, 2015	Balance as on 1st April, 2014	for the year	Deductions/ adjustments	Balance as on 31st Mar, 2015	Balance as on 31st Mar, 2015
Tangible Assets									
Land									
-Freehold	4,142,343	-	-	4,142,343	-	-	-	4,142,343	4,142,343
-Leasehold	1,689,567	3,796,080	-	5,485,647	-	-	-	5,485,647	1,689,567
Buildings	30,014,847	568,477	-	30,583,324	13,950,861	764,934	-	14,715,795	15,867,529
Plant & Machineries	277,899,705	45,730,175	-	323,629,880	131,889,813	11,852,495	-	143,742,308	179,887,572
Effluent Treatment Plant	53,274,761	-	-	53,274,761	25,106,406	2,760,133	-	27,866,539	25,408,222
R & D Laboratory Equipments	1,596,429	-	-	1,596,429	1,182,012	50,330	-	1,232,342	364,087
Furniture & Fixtures	1,811,626	281,786	-	2,093,412	1,305,766	73,433	-	1,379,199	714,213
Vehicles	13,566,316	1,329,154	3,328,235	11,567,235	5,020,642	1,462,159	1,071,157	5,411,644	6,155,591
Office Equipments	6,147,439	435,779	1,047,176	5,536,042	3,325,542	1,248,365	1,047,176	3,526,731	2,009,311
Factory Equipments	391,376	-	-	391,376	232,139	52,406	-	284,545	106,831
	390,534,409	52,141,451	4,375,411	438,300,449	182,013,181	18,264,255	2,118,333	198,159,103	240,141,346
Previous Year	375,850,157	14,707,103	22,851	390,534,409	163,053,730	18,982,302	22,851	182,013,181	208,521,228
Capital Work-in-Progress								56,151,200	56,906,888

11. Pursuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated/ amortised over the revised/ remaining useful lives. The written down value of fixed assets whose lives have expired as at 1st April 2014 have been adjusted net of deferred tax, in the opening balance of Profit and Loss Account amounting to Rs.6.75 lacs.

KOTHARI FERMENTATION AND BIOCHEM LIMITED


	As at 31st March, 2015 <u>Amount (Rs.)</u>	As at 31st March, 2014 <u>Amount (Rs.)</u>
12. LONG TERM LOANS AND ADVANCES <u>(Unsecured, considered good)</u>		
Capital Advances	12,143,097	36,050,000
Security Deposits	6,377,217	6,248,518
Recoverable from Statutory Authorities	1,351,452	767,867
	<u>19,871,766</u>	<u>43,066,385</u>
13. OTHER NON-CURRENT ASSETS		
*Bank balance on deposit accounts	244,143	157,063
Accrued Interest but not due	57,329	14,608
	<u>301,472</u>	<u>171,671</u>
*Pledged with bank/Government Authorities as margin money/ security against the borrowings and guarantees maturing after 12 months.		
14. INVENTORIES (As taken, valued and certified by the management)		
Raw Materials & Components	25,343,794	10,966,000
Work-in-progress	6,717,909	11,864,418
Finished Goods	7,401,798	6,451,121
Stores & Spares	7,100,069	6,151,891
Others	8,341,258	1,717,781
	<u>54,904,828</u>	<u>37,151,211</u>
15. TRADE RECEIVABLES (Unsecured, considered good)		
Over six months from the due date	768,389	6,624,989
Others	40,758,377	41,574,106
	<u>41,526,766</u>	<u>48,199,095</u>
16. CASH AND CASH EQUIVALENTS		
Balances with Banks		
in Current Accounts	11,957,546	8,267,927
held as Margin Money	762,400	2,195,305
Cash on hand	2,691,240	2,247,447
	<u>15,411,186</u>	<u>12,710,679</u>
17. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	46,870,985	33,928,373
Prepaid Expenses	868,815	581,470
Recoverable from Statutory Authorities	6,492,108	6,529,052
MAT Credit Entitlements	3,881,920	1,057,000
	<u>58,113,828</u>	<u>42,095,895</u>
18. OTHER CURRENT ASSETS (Unsecured, considered good)		
Interest Accrued on deposits	54,836	187,255
	<u>54,836</u>	<u>187,255</u>

KOTHARI FERMENTATION AND BIOCHEM LIMITED


	Year ended 31st March, 2015 Amount (Rs.)	Year ended 31st March, 2014 Amount (Rs.)
19. REVENUE FROM OPERATIONS		
<u>Sale of Manufactured Goods</u>		
Yeast	643,308,440	506,257,475
	643,308,440	506,257,475
20. OTHER INCOME		
Interest Income		
-Bank Deposits	178,575	191,073
-Others	2,497,396	339,869
Misc. Income/ Receipts	-	781,663
Liabilities no longer required W/back	258,039	405,386
	2,934,010	1,717,991
21. COST OF MATERIALS CONSUMED		
<u>Raw Material Consumed</u>		
Inventory at the beginning of the year	10,966,000	21,787,435
Add : Purchases	327,790,785	230,840,367
	338,756,785	252,627,802
Less: Inventory at the end of the year	25,343,794	10,966,000
Cost of Raw Material Consumed	313,412,991	241,661,802
<u>Details of Raw Material Consumed</u>		
Molasses	220,801,494	166,764,558
Others	92,611,497	74,897,244
	313,412,991	241,661,802
22. PURCHASE OF STOCK-IN-TRADE		
Purchase of Trading Goods	642,175	379,352
	642,175	379,352
23. DECREASE /(INCREASE) IN INVENTORIES		
<u>Inventories at the end of the year</u>		
Finished Goods	7,401,798	6,451,121
Work-in-progress	6,717,909	14,119,707
	14,119,707	11,864,418
<u>Inventories at the beginning of the year</u>		
Finished Goods	6,451,121	6,213,792
Work-in-progress	11,864,418	18,315,539
	18,315,539	11,640,556
Decrease /(Increase) in Inventories	4,195,832	(461,191)
24. EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and others Allowances	36,567,967	31,629,513
Contribution to Provident & Other Funds	5,413,549	3,690,014
Staff Welfare Expenses	1,735,813	1,742,976
	43,717,329	37,062,503
25. FINANCE COST		
Interest on Working Capital	6,325,557	6,248,287
Other Interest	6,119,421	5,747,438
Bank Charges & Others	3,084,601	696,937
	15,529,579	12,692,662

KOTHARI FERMENTATION AND BIOCHEM LIMITED


	Year ended 31st March, 2015 Amount (Rs.)	Year ended 31st March, 2014 Amount (Rs.)
26. OTHER EXPENSES		
Consumption of Stores & Spare Parts	8,386,841	9,221,669
Power & Fuel and Water Charges	153,745,410	120,963,980
R & D Expenses	2,106,528	2,464,663
<u>Repairs & Maintenance</u>		
Repairs & Maintenance - Building	1,354,170	893,090
Repairs & Maintenance - Plant & Machinery	12,172,746	8,284,529
Security Expenses	1,748,693	1,470,987
Rent	872,298	865,970
Insurance	799,109	769,435
Rates, Fee & Taxes	3,805,411	3,533,929
Postage & Telephone	1,537,554	1,452,044
Printing & Stationary	532,082	392,305
Travelling & Conveyance	3,274,819	3,870,985
Legal & Professional Charges	675,210	561,040
Vehicle Running & Maintenance	1,742,426	1,631,841
Payment to Auditors (refer details below)	261,090	204,180
Membership, Subscription & Periodicals	1,350,347	804,875
Listing & Share Transfer Expenses	129,214	86,680
Meeting Expenses	111,728	83,535
General Office Expenses	1,025,205	1,231,301
Misc. Expenses	835,952	374,356
Advertisement & Publicity Expenses	63,008	82,211
Selling Expenses	493,858	373,084
Handling, Forwarding & Transportation	33,442,903	31,889,584
Loss on Sale of Assets	957,078	-
Bad Debts/ Sundries Balances W/off	6,063,237	604,722
	237,486,917	192,110,995
26.1 Payment to Auditors		
Statutory Audit Fee	157,304	112,360
Tax Audit Fee	28,090	16,854
Limited Review & Certification Fee	67,416	67,416
Out of Pocket Expenses	8,280	7,550
	261,090	204,180

27. (i) Contingent Liabilities not provided for (As certified by the Management):

(a) Claims against the company towards listing fee for one (Previous Year two) stock exchange not acknowledged as debt is Rs. 1.36 Lacs (Previous Year Rs. 3.29 Lacs) as company has sought delisting from the concerned stock exchanges.

(b) Outstanding Bank Guarantees for Rs.90.69 lacs (Previous Year Rs.43.42 lacs)

(ii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

(Rs. In Lakhs)

	2014-15	2013-14
Fixed Assets (net of advances):	197.31	63.12

KOTHARI FERMENTATION AND BIOCHEM LIMITED



28. Amount recoverable from Statutory Authorities shown under schedule "Short Term Loans & Advances" of the balance sheet includes a sum of Rs.46,13,849/- for which the company filed a claim before the trade tax authorities during the F.Y.2009-10 for refund of Trade Tax paid on purchases and stock transfer in respect of Molasses for the earlier years in view of the decision of the Hon'ble Allahabad High Court in the case of M/s. SAF Yeast Company Private Limited vs. State of U.P. and Another. Further, against the Special Leave Petition (SLP) preferred by the State of U.P. in this matter, Hon'ble Supreme Court has stayed the payment of refund till final hearing of the matter and the SLP is still pending before the Court.

29. The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006". Therefore, it is not possible to give the information required under the Act.

30. In the opinion of the Board, the Current Assets, Loans and Advances including Sundry Debtors are of the value as stated in financial statement in the ordinary course of business. The provision of all known liabilities has been made. The accounts of certain debtors, creditors, other liabilities and advances are subject to confirmation and reconciliation.

31. The arbitration cases relating to supply of rice to Govt. of Bangladesh during 1995-96 pending in Bangladesh have been awarded in favour of company allowing the claim of USD 427,021.89 against Govt. of Bangladesh. The arbitration awards has been made rule of law by the Bangladesh Courts. The appeal before the Hon'ble Supreme Court of Bangladesh filed by the Govt. of Bangladesh has been dismissed by the Hon'ble Court on 13th February, 2014. Any claims/amount receivable in this matter to the company from the Govt. of Bangladesh will be recognized in the books of accounts of the company on receiving of the same.

32. As the Company's business activity falls within a single primary business segment viz. "Manufacturing of Yeast" and there is no reportable secondary segment i.e. geographical segment, the disclosure requirement of Accounting Standard-17 "Segmental Reporting" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) is not applicable.

33. Defined Benefit Plan:

The employees' gratuity fund scheme of the Company managed by Life Insurance Corporation of India (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Gratuity Funded (Rs. In lacs)

I. Reconciliation of opening and closing balance of Defined Benefit Obligations:

	2014-15	2013-14
Present value of the obligation at the beginning of the period	86.10	73.56
Interest cost	6.89	6.62
Current service cost	7.77	6.42
Benefits paid (if any)	--	--
Actuarial (gain)/loss	7.96	(0.50)
Present value of the obligation at the end of the period	108.72	86.10

II. Reconciliation of opening and closing balance of Fair Value of Planned Assets:

	2014-15	2013-14
Fair value of plan assets at the beginning of the period	22.98	20.05
Scheme Conversion Fee	(0.01)	--
Expected return on plan assets	0.57	1.38
Contributions	0.56	1.55
Benefits paid	--	--
Actuarial gain/(loss) on plan assets	--	--
Fair Value of Plan Asset at the end of the Period	24.10	22.98

III: Reconciliation of fair value of assets and Obligations:

	2014-15	2013-14
Present value of the obligation at the end of the period	108.72	86.10
Fair value of plan assets at end of period	24.10	22.98
Net liability/(asset) recognized in Balance Sheet and related analysis	84.62	63.12
Funded Status	(84.62)	(63.12)

IV: Expense recognized in the statement of Profit and Loss:

	2014-15	2013-14
Interest cost	6.89	6.62
Current service cost	7.77	6.42
Expected return on plan asset	(0.57)	(1.38)
Net actuarial (gain) / loss recognized in the period	7.96	(0.50)
Expenses to be recognized in the statement of profit and loss accounts	22.05	11.16

KOTHARI FERMENTATION AND BIOCHEM LIMITED



V: The assumptions employed for the calculations are tabulated:

Discount rate	8.00 % per annum	9.00 % per annum
Salary Growth Rate	8 % per annum	8 % per annum
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	6.75 % per annum	6.75 % per annum
Withdrawal rate (Per Annum)	2 % p.a.	2 % p.a.

VI: Benefits valued:

Normal Retirement Age	58 Years	58 Years
Salary	Terminal Basic Salary (Excluding all other Allowances and Perquisites)	Terminal Basic Salary (Excluding all other allowances and perquisites)
Vesting Period	5 Years of service	5 Years of service
Benefits on Normal Retirement	15/26 * Salary * Number of completed Years of Service	15/26 * Salary * Number of completed Years of Service
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that no vesting conditions apply
Limit	Rs. 10 lacs	Rs. 10 lacs

34. Related Party Disclosures :

Related party disclosures as required by AS-18 "Related party disclosures" are given below

Key Management Personnel & their relatives

-Mr. Pramod Kothari	Chairman & Managing Director
-Mrs. Kavita Kothari	Whole-Time Director
-Ms. Khushbu Kothari	Executive Director (Technical)
-Mrs. Isha Gupta	Company Secretary
-Mr. Arun Kumar Sekhani	Chief Financial Officer

Note: 1) Mrs. Kavita Kothari is wife of Mr. Pramod Kothari.

2) Ms. Khushbu Kothari is daughter of Mr. Pramod Kothari.

Entities over which company or managerial personnel or their relative exercise significant influence

-Chaudhry Bros. Traders and Builders Pvt. Ltd.

Transaction with the related parties

Name of the Related Party	Nature of Transaction	Current Year 2014-15	Previous Year 2013-14 (Rs. In lacs)
Chaudhry Bros. Traders and Builders Pvt. Ltd.	Rent Paid	2.53	2.53
	Loan/Advances Given	----	97.38
	Loan/ Adv. Recov. back	----	97.38
	Loan Received	----	2.00
	Loan Paid Back	----	2.00
Mr. Pramod Kothari	Directors' Remuneration	9.00	9.00
	Loan received	----	17.00
	Loan Paid Back	----	17.00
Mrs. Kavita Kothari	Directors' Remuneration	7.20	7.20
Ms. Khushboo Kothari	Salary	3.60	0.90
Mrs. Isha Gupta	Salary	4.03	2.50
Mr. Arun Kumar Sekhani	Salary	3.97	3.67

Note: i) Related party relationship is as identified by the management and relied upon by the Auditors.

ii) There is no amount written off / written back in respect of dues from or to related parties.

35. Earning per share (EPS) (AS -20)

	2014-15	2013-14
(a) Number of Equity Shares of Rs. 10 each		
Number of shares at the beginning of the year	15000000	15000000
Number of shares at the close of the year	15000000	15000000
Weighted average number of Equity Shares during the year	15000000	15000000
(b) Net Profit/(loss) for the year attributable to Equity Shares (in Rupees)	8600009	3793066
(c) Basic EPS (in Rupees) per share	0.57	0.25
(d) Diluted EPS (in Rupees) per share	0.57	0.25

KOTHARI FERMENTATION AND BIOCHEM LIMITED

36. Additional Information:	2014-15	2013-14(Rs. in Lacs)
A) Value of Raw Materials and Stores and spares Consumed		
Raw Material Consumed:		
Indigenous	3096.85	2379.74
Imported	37.28	36.88
Stores and Spares Consumed:		
Indigenous	83.87	92.22
Imported	NIL	NIL
B) C.I.F. Value of Imports		
Capital Goods	NIL	NIL
Raw Materials	38.35	47.82
C) Earning in Foreign Currency	NIL	NIL
D) Expenditure in Foreign Currency		
Interest on buyers' Credit	0.81	3.84
Professional Charges	NIL	NIL
Travelling and other matter	8.86	12.27

37. Previous year's figures have been re-grouped/reclassified wherever necessary, to make them comparable

As per our report of even date attached

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

For and on behalf of the board

ANIL K. JAIN

Partner, Mem No. 093912

Place: New Delhi

Date : 30th May, 2015

PRAMOD KUMAR KOTHARI

Managing Director

(DIN – 00086145)

ARUN KUMAR SEKHANI

Chief Financial Officer

KAPIL DEV PURI

Director

(DIN – 00278929)

ISHA GUPTA

Company Secretary

PRASANNA KUMAR PAGARIA

Director

(DIN – 00162904)

**KOTHARI FERMENTATION & BIOCHEM LIMITED**

(CIN: L72411DL1990PLC042502)

Regd. Office: 16, Community Centre, First Floor, Saket, New Delhi-110017
Tel: 011-26850004, Fax: 011-41664840 E-mail: kfbl@airtelmail.in, Website: www.kothariyeast.in

25TH Annual General Meeting – 30th September, 2015**ATTENDANCE SLIP****Folio No./ DP ID / Client ID:****Number of shares held**

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A -81, Chittranjan Park, New Delhi 110019 on Wednesday, September 30, 2015 at 10.30 A.M.

Name of the Member / Proxy
(in BLOCK letters)

Signature of the Member /Proxy

Electronic Voting Event Number(EVEN)	User ID	Password
102688		

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall.
2. Electronic copy of the Annual Report for the financial period ended on 31.03.2014 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for the financial period ended on 31.03.2014 and Notice of Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

**KOTHARI FERMENTATION & BIOCHEM LIMITED****PROXY FORM**

(CIN: L72411DL1990PLC042502)

Regd. Office: 16, Community Centre, First Floor, Saket, New Delhi-110017
Tel: 011-26850004, Fax: 011-41664840 E-mail: kfbl@airtelmail.in, Website: www.kothariyeast.in

25TH Annual General Meeting – 30th September, 2015

Name of the member(s) :

Registered address:

Email Id:

Folio No./DP ID- Client ID:

I / We, being the member(s) holding _____ shares of the
above named Company, hereby appoint:

1) Name: _____
E Mail: _____
Address: _____
Signature _____ Or failing him / her

2) Name: _____
E Mail: _____
Address: _____
Signature _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, September 30, 2015 at 10:30 a.m. at Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi 110019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
1	Adoption of Balance Sheet, Statement of Profit and Loss and the Reports of the Board of Directors and Auditors thereon for the financial period ended on March 31, 2015		
2	Appoint a Director in place of Mrs. Kavita Devi Kothari, who retires by rotation and being eligible offers herself for re-appointment		
3	Re-Appointment of M/s Nahata Jain & Associates as Statutory Auditors and fixation of their remuneration		

Signed this _____ day of _____ 2015.

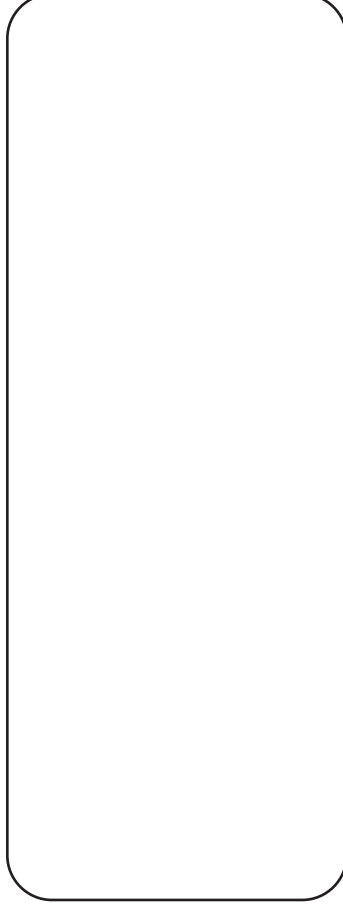
Affix
Revenue
Stamp Not
Less Than
Re 0.15

Signature of the member**Signature of the Proxy Holder(s)****NOTE:**

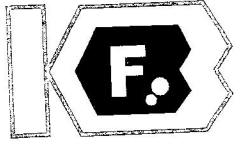
- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 25th Annual General Meeting
- *3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
- Please complete all details including detail of member(s) in above box before submission.

Book-Post

To



if undelivered, please return to :
KOTHARI FERMENTATION AND BIOCHEM LIMITED
Regd. Office: 16, Community Centre,
First Floor, Saket, New Delhi-110017



KOTHARI FERMENTATION AND BIOCHEM LTD.

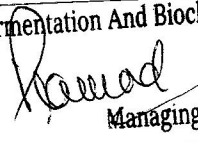

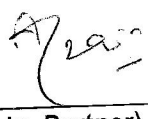
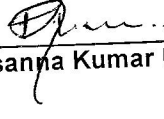
CIN : L72411DL1990PLC042502

REGD. OFFICE: 16, COMMUNITY CENTRE, 1ST FLOOR, SAKET, NEW DELHI-110017

TEL. : 26517665, 26850004, 40590944 FAX : 91-011-41664840 E-mail : kfbf@airtelmail.in

Web : www.kothariyeast.in

FORM A

1. Name of the company	M/s. KOTHARI FERMENTATION & BIOCHEM LIMITED
2. Annual financial statements for the year ended	31 st March, 2015
3. Type of Audit observation	Un-Qualified
4. Frequency of observation	Not Applicable
5. To be signed by-	
• Chairman & Managing Director	<p>For Kothari Fermentation And Biochem Ltd</p> <p> Managing Director (Pramod Kumar Kothari)</p>
• CFO	<p>For Kothari Fermentation And Biochem Ltd.</p> <p> Chief Financial Officer (Arun Kumar Sekhani)</p>
• Auditor of the company	<p> (Anil K. Jain, Partner) Mem. No. - 093912 Nahata Jain & Associates Chartered Accountants</p>
• Audit Committee Chairman	<p>For Kothari Fermentation & Biochem Ltd.</p> <p> Director (Prasanna Kumar Pagaria)</p>

