

Transcript of the 34th annual general meeting of Kothari Fermentation and Biochem Limited.

The 34th Annual General Meeting (“AGM”) of the Members of Kothari Fermentation and Biochem Limited (‘the Company’) held on Monday, 30th September, 2024 at 11:30 AM (IST) through Video conference (VC) / Other Audio Visual Means (OAVM).

Mrs. Silky Gupta (CS)

Good morning each and every one of you to the 34th annual general meeting of Kothari Fermentation and Biochem Limited.

I, Silky Gupta, Company secretary and compliance officer of Kothari Fermentation and Biochem Limited would like to welcome the respective directors and the dignitaries.

Mr. Pramod Kumar Kothari - Chairman and Managing Director

Mr. Siddhant Kothari - Whole Time Director

Mr. Rajiv Agarwal - Independent Director

Mr. Kuldeep Kothari - Statutory Auditor

Mr. Arun Sekhani - Chief Financial Officer

Mrs. Kirti Sharma - Compliance Officer

Ms. Deepika Jain - Scrutiniser

I would also like to welcome shareholders and others present in the 34th annual general meeting of the company. Since the quorum of this AGM is present, I request honorable chairman to declare open this AGM.

Mr. Pramod Kumar Kothari (Chairman and MD)

Good morning to one and all presents here.

Dear shareholders, ladies and gentlemen, since the quorum is present, I declare 34th AGM of Kothari Fermentation open.

Mr. Siddhant Kothari, Whole Time Director, Mrs. Silky Gupta is present in the meeting on Dais and Dr. Rajiv Agarwal, Independent Director Mr.KuldeepKothari, Auditor Shri Arun Sekani, CFO and Mrs. Deepika Jain Scrutiniser are present through VC/OAVM.

It is hereby informed that the register of members and director's shareholding is on date and other necessary statutory registers are open for inspection during this AGM. It gives me great pleasure to welcome you to the 34th AGM of your company.

I am so proud to say that in the challenging global scenario, India has emerged as a significant economical and geopolitical power. In the next five years, India will become the world's third largest economy and a developed nation by 2047.

India is setting an example of sustainable economic growth along with technological and digital development. I hope that you all must have gone through the notice and the annual report of your company looking on the financial performance of the company.

During the financial year 23-24, your company has recorded a turnover of ₹ 108.88 crores though we have incurred a net loss of ₹ 3.93 crores but the cash profit of ₹ 1.70 was earned during the year. There was a reduction in profits due to the higher financial cost and operational challenges faced during the first half of the year.

However, we successfully overcame by reversing the losses into profits during the second half of the financial year under review. The prime reason for increase in operational cost is the increase in price of molasses, which is our major raw material. The central government has initiated various schemes to increase the consumption of molasses for industrial purposes, especially ethanol production which has led to an increase in demand and prices of molasses.

However, your company is in the process of improving productivity and profits by monitoring the operating diligently. With the advent of biotechnological development, the uses of yeast has increased many folds and so has the demand for east and its variants. Your company is in talks with prospective corporates for the production of yeast variant required for various industrial purposes by them.

Further, as we also informed last year, we are in the process of entering into business agreement with global leaders.

We are happy to announce that we have entered into an arrangement with the company Nextfarm Technologies Limited for the manufacturing of east waste protein called Protevin at the company's factory located in Rajarampur district, Rajarampur village, Sikandrabad district, Bulandshahr Nextfarm Technologies Limited and internationally acclaimed company based in Israel and trading on the Tel Aviv stock Exchange is a food tech company specializing specialized in research, development and manufacturing and marketing of innovative

functional and vegan yeast derived known GMO protein alternatives for various applications in the food and food supplement market.

We are proud to say that the production facility has been successfully set up and the facilities has passed the trial runs and started production in the first quarter of the financial year 2024 to 25 and the export of protein was also started in July 2024. Your company has earned a net profit of 1.10 crore and a cash profit of 2.70 crore against a turnover of rupees 26.36 crores during the first quarter ended on the 30 June 2024.

We strongly believe that your company will continue this profit trend in next quarters also and there will be an increase in the production, turnover and profitability of the company during the current financial year 24-25. By utilizing its availability, resources and operating facilities more efficiently and effectively, we are confident that your company will reach new heights due to these developments.

I take this opportunity to express my thanks to all the shareholders for their continued trust in the board of directors and the management of the company. I look forward to your support in the company's future.

We now proceed with the business as stated in the notice of the 34th AGM of your company. I call upon Mrs. Silky Gupta, company secretary to read the auditor's report.

Mrs. Silky Gupta (CS)

It is to inform that auditor report is unqualified and it is taken as read by the consent of the members. Mr. Kuldeep Kothari, statutory auditor is also present in the meeting. The e-voting procedure as per Companies Act 2013 has been informed to all of you along with the notice of AGM sent on September 6, 2024 and also by published notice published in newspaper.

The e-voting period commenced on Friday, September 27, 2024 at 09:00 a.m. and ended on Sunday, the 29 September 2024 at 05:00 p.m. Ms. Deepika Jain, a leading practicing company secretary, has been appointed as scrutiniser to scrutinize the e-voting process in fair and transparent manner.

Those shareholders who have already voted through e-voting are not eligible to vote today and shareholders who have not voted through e-voting earlier can vote here by e-voting system during the continuation of AGM and within half an hour after the conclusion of the AGM.

Now I will read the agenda item in the notice.

Ordinary business

1. To receive, consider and adopt the audited financial statement of the company for the financial year ended on the 31 March 2024, the report of the board of the Director and auditors there on.
2. To appoint a director in place of Mrs. Kavita Devi Kothari who retired by rotation and being eligible to offer herself for reappointment.

Special Business

3. Reappointment of Mr. Piyush Kumar Goyal as an independent director of the Company.

The result of the e voting shall be submitted by Ms. Deepika Jain scrutinizer in due course and the same shall be posted on the company's website within two working days of the AGM and same shall also be sent to the BSE for uploading on their website.

SEBI vide circular dated July 31, 2023 has recently established an ODR portal for resolving the dispute in Indian securities market to offer conciliation, arbitration and benefiting intermediaries. Your company has registered on the portal and a link of the ODR portal and this circular is also available on the website of the company.

Now, I will call upon the name of the registered speaker one by one and request the chairman sir to kindly address the scoring of the speakers.

No. 1 – Mr. Narendra Singh Chauhan. Mr. Narendra Singh Chauhan.

Mr. Narendra Singh Chauhan (Shareholder)

Hello. मेरे आवाज़ सुन पा रहे हैं?

Mr. Pramod Kumar Kothari (Chairman and MD)

Yeah, hi, is this Mr. Chouhan? हाँ सुन रहे हैं आवाज़ सुन रहे हैं आपकी.

Mr. Narendra Singh Chauhan (Shareholder)

गुड मॉर्निंग, चेयरमैन साहब, बोर्ड ऑफ़ डायरेक्टर्स।

Mr. Pramod Kumar Kothari (Chairman and MD)

Good morning. Good morning.

Mr. Narendra Singh Chauhan (Shareholder)

हैलो शेयर होल्डर सर मैं एन एस चौहान अटेंडिंग थिस मीटिंग फ्रम दिल्ली सर मैं बहुत पुराना शेयर होल्डर हूँ आपका। बस सर, मैं एक एनुअल रिपोर्ट की रिक्वेस्ट करी थी। मैडम से तो उन्होंने मुझे तुरंत उसका भेज

दिया और हमारी किसी भी तरह की कोई भी ग्रेविएन्स होती है सर कंपनी सेक्रेटरीसाहिबा तुरंत उसका हमें रिप्लाय मिल जाता है। सर हमें आपके पूरा आपके लीडरशिप पे पूरा भरोसा है। जिस मेहनत लगन ईमानदारी से आप कंपनी के लिए दिन रात मेहनत कर रहे हो सर हमें पूरा भरोसा है सर और हमारी किसी भी तरह की कोई ग्रेविएन्स होती है सेक्रेटरीयल डिपार्टमेंट उसका तुरंत रिप्लाय मिल जाता है। सर और मॉडरेटर का भी मैं धन्यवाद करना चाहूंगा जिन्होंने मुझे इस पोर्टल पर आपको से जुड़ने का मौका दिया। थैंक यू सो मच सर थैंक यू सो मच।

Mr. Pramod Kumar Kothari (Chairman and MD)

थैंक यू सर, इतनी अच्छी बातें करने के लिए बहुत अच्छी बात है सर थैंक यू।

Mr. Narendra Singh Chauhan (Shareholder)

ओके सर ओके थैंक यू थैंक यू सो मच सर, थैंक यू।

Mr. Narendra Singh Chauhan (Shareholder)

Thank you, sir. Thank you okay, sir?

Mrs. Silky Gupta (CS)

Speaker number two, Mr. Ajay Kumar Jain.

Moderator

Ajay Jain ji is not there.

Mrs. Silky Gupta (CS)

Okay. Mr. Ankur Chadda. Chanda.

Moderator

Mr. Ankur Chanda is also not there.

Mrs. Silky Gupta (CS)

Manjit Singh.

Moderator

Just a minute. Mr. Manjit is also not present.

Mrs. Silky Gupta (CS)

Mr. Praveen Kumar.

Moderator

Mr. Praveen ji also not there.

Mrs. Silky Gupta (CS)

Mr. Jasmit Singh.

Moderator

No, Mr. Jasmit is also not there.

Mrs. Silky Gupta (CS)

Okay. Mr. Keshav Garg

Moderator

OYes, he is there. Just a minute. Hello Keshav ji boleye.

Mr. Pramod Kumar Kothari (Chairman and MD)

Hello, Keshav ji. Good morning.

Mr. Keshav (Shareholder)

Hello

Mr. Pramod Kumar Kothari (Chairman and MD)

आवाजआरही है? Keshav ji?

Mr. Keshav (Shareholder)

Yeah, I can hear you.

Mr. Pramod Kumar Kothari (Chairman and MD)

You can hear me?

Mr. Keshav (Shareholder)

Yeah, I can hear you. Sir, can you hear me?

Mr. Pramod Kumar Kothari (Chairman and MD)

Yes, yes, yes.बताइये बताइये सब ठीक है ?

Mr. Keshav (Shareholder)

Very good morning to everyone.

Mr. Pramod Kumar Kothari (Chairman and MD)

Sir, good morning to you.

Mr. Keshav (Shareholder)

I have few questions like so what will be the top line and bottom line for financial year 25 FY 25?

Mr. Pramod Kumar Kothari (Chairman and MD)

देखिए, पहले से तो बेटर ही रहेगा। I think the turnover should increase by at least 5-10 percent minimum. अब देखिए कितना होता है आगे? अभी हमारा सीज़न अक्टूबर से चालू होगा। एक कल से छः महीना सीज़न रहता है। अक्टूबर से मार्च तक तो टर्नओवर इसमें बढ़ेगा। ठीक है।

Mr. Keshav (Shareholder)

Ohk and sir, going forward. What do we expect the EBITA per ton? Do we expect it going forward to increase because it has been stagnant for. Last from financial 15 onwards

Mr. Pramod Kumar Kothari (Chairman and MD)

बढ़ेगा बढ़ेगा आप चिंता मत करिए, बहुत अच्छा होने वाला। आने वाले टाइम में तो क्योंकि नए नए प्रोडक्ट्स ऐड कर रहे हैं तो सबको किलिंग प्रॉब्लम चल रही है, लेकिन सब सेटल डाउन हो रहा है। I think in 15-20 days or a month time, everything should be in. Everything should be in order. और जैसे वो प्रॉडक्ट आएंगे। अच्छी बात ये है कि हमारे प्रोटीन एक्सपोर्ट ये जो है ये वहाँ पे यूरोप, अमेरिका में अप्रूव हो गया है। तो इससे अब ऑर्डर्स आयेंगे। November December should be a good time for us.

Mr. Keshav (Shareholder)

Okay, so a few more questions. What is the status of supply of yeast to next work Israeli company?

Mr. Pramod Kumar Kothari (Chairman and MD)

उन्हें का बात कर रहा हु।उनका अप्रूव हो गया है। अब इनका काम शुरू होने वाला ऑलरेडी स्टार्ट कर दिया। इन ए स्मॉल वे बट आई थिंक नेक्स्ट मंथ से इसका अच्छी कॉन्टिटीज़ जायेंगे यहाँ से।

Mr. Keshav (Shareholder)

Okay, sir. And what is the volume of take we can expect?

Mr. Pramod Kumar Kothari (Chairman and MD)

देखिये इस साल हो सकता है मार्च 31 10-12 करोड़ का होना चाहिए मेरे हिसाब से और आने वाले समय में ये बढ़ेगा और।

Mr. Keshav (Shareholder)

And sir, Sikenderabad facility from your Sikenderabad facility, what is the capacity added for the protein?

Mr. Pramod Kumar Kothari (Chairman and MD)

Protevin Production capacity of one ton a day. Since it's a high value product. Which one ton a day which should be realized in next month successfully. एक बार वन टन ए डे सेल्स सक्सेसफुली कर ले Then they have a plan to make a five tons per day plant of protein. They will take a decision next year.

Mr. Keshav (Shareholder)

So, what kind of margin do we expect in this two, three years?

Mr. Pramod Kumar Kothari (Chairman and MD)

Margin should be good. Margin should be good.

Mr. Keshav (Shareholder)

How big is the yeast market in India? And what is our market share now?

Mr. Pramod Kumar Kothari (Chairman and MD)

Now It's currently, see 9000 to 10,000 tons is the market and we have a share of 15% to 15% Minimum तो ये बढ़ेगा 15-20 % हमारा हो जाएगा, होना चाहिए। जिस हिसाब से ये प्रोडक्ट्स आ रहे हैं, ठीक है और मार्केट में ग्रोथ भी है तो वी विल रिटेल इन 15-20% because there is a growth of 10% in the Yeast consumption every year. ठीक।

Mr. Keshav (Shareholder)

Sir and like we are talking about market share increase. But our volumes have been stagnant at 15,000 metric ton.

Mr. Pramod Kumar Kothari (Chairman and MD)

Yeah, I can understand that now because of stiff competition from one of the competitors. वो हमारे ट्रेडिशनल प्रोडक्ट में है वो प्रोडक्ट्स हम लोग धीरे धीरे कम कर रहे हैं, नए नए

प्रोडक्ट्स ले के आ रहे है। जो की वैल्यू-एडेड प्रॉडक्ट है उनमें जा रहे है। But our growth will be there. Definitely 10% growth हम करेंगे हरसाल minimum.

Mr. Keshav (Shareholder)

What percentage of our revenue comes from supply of yeast to pharma biotech or distillers?

Mr. Pramod Kumar Kothari (Chairman and MD)

Now earlier it used to be 70-80% was bakery, 20% was pharma and but since एक साल में it is now 50-50. 50% is the bakery segment and 50% is ethanol, yeast extract and pharma products. Okay.

Mr. Keshav (Shareholder)

What are the products that we will be introducing in the market going forward?

Mr. Pramod Kumar Kothari (Chairman and MD)

We will introduce new type of yeast extracts now for food supplements and umami Flavors and different type of yeast extracts. High value product. You know pectoral grade yeast extract for the farmer companies and protein will be there in the Indian market also. Now we have decided to only export it till Monday March 31. And once we have the, you know we have the capacity, more capacity than we will introduce in the Indian market also.

Mr. Keshav (Shareholder)

So, like are we leveraging our fermentation technology and experience to manufacture any high value products or high margin products?

Mr. Pramod Kumar Kothari (Chairman and MD)

Yeah, these are the high margin product. That's why you can see from 30% bakery segment we have. We have now 50% 70% bakery segment we have gone down to 50%. So further we have an intention to go to 30% and 70% should be pharma and ethanol because the margins are more there. Okay.

Mr. Keshav (Shareholder)

Okay. Sir, there is a current work in progress of 7.8 crore in the balance sheet. When can we expect it to commercialize? What is it? What is it?

Mr. Pramod Kumar Kothari (Chairman and MD)

This year itself? This year itself. This year itself. Yes.

Mr. Keshav (Shareholder)

And what is the current liability of 4.56 cr in financial at 24 versus 1.38 cr in.

Mr. Pramod Kumar Kothari (Chairman and MD)

I got your point. So many machineries have been purchased. Some liabilities here and there to the manufacturer, supplier, supplier of the machinery. So, I think this should be in the next years balance sheet. This will also go down. Should go down. Okay. Okay.

Mr. Keshav (Shareholder)

And Sir Can we expect a. What can we expect industry wide price pass through of increased molasses price?

Mr. Pramod Kumar Kothari (Chairman and MD)

And can we expect the highest price now it is at the peak I think we should expect because the coming season is good for sugar . The more of sugar production and molasses also we believe that the production in up should go up by at least 10%. So, we hope that the prices of molasses should settle down or should go down. So, we have already taken care of the higher cost of molasses in relative to our production. But I feel this is. This is the peak level of molasses price. This should go down now. Okay.

Mr. Keshav (Shareholder)

So there are few more questions. The last few more questions. Thanks for your patience. So, there is a loan of 19.5 cr from the related parties Okay. At what rate of interest this loan has been provided?

Mr. Pramod Kumar Kothari (Chairman and MD)

Minimum 6%. 5 to 6%.

Mr. Keshav (Shareholder)

And what are our capital expense plans for over the next two, three years?

Mr. Pramod Kumar Kothari (Chairman and MD)

Sir, right now we have not decided. First, we will settle down for what we have invested in capital. Let us settle down the production first. And once we achieve

the hundred percent, at least 70, 80% of capacity, then we will think of the next expansion. We have so many products in pipeline, but we don't want to be very, very fast now we want to first finish the, you know, the things which is already going on.

Mr. Keshav (Shareholder)

So, saying that what is the current capacity utilization?

Mr. Pramod Kumar Kothari (Chairman and MD)

I think 70%.

Mr. Keshav (Shareholder)

70%.

Mr. Pramod Kumar Kothari (Chairman and MD)

Yeah.

Mr. Keshav (Shareholder)

So. So do we see, in your judgment, we see business growing in next three, five years?

Mr. Pramod Kumar Kothari (Chairman and MD)

Because yes, the Indian economy is opened up and world, you know, most of the manufacturers and suppliers and the buyers, they have an eye on India. And we hope that coming two to five years, you know, we should have a good business from India. Ethanol market is also growing. You know, if ethanol grows our yeast also because we supply a lot of yeast to the ethanol industries.

Mr. Keshav (Shareholder)

So, like studying your EBITDA at FY 15 it was at 3337 per metric turn. And current level of FY 24, it is at 3322. So, it hasn't moved a bit.

Mr. Pramod Kumar Kothari (Chairman and MD)

This is the magic period. I think should be good coming year. Current year and next year should further improve.

Mr. Keshav (Shareholder)

Okay, sir, that's from my side. Thanks.

Mr. Pramod Kumar Kothari (Chairman and MD)

Thank you. Thanks. Thank you. Bye.

Mrs. Silky Gupta (CS)

I would like to thank the directors, panelists, speakers and all the members for their consistent support and cooperation in the conduct of this AGM and making it a success.

Thank you all.

Mr. Pramod Kumar Kothari (Chairman and MD)

Ladies and gentlemen, thank you very much for using your right to vote in democratic way and attending this AGM. The business of 34th AGM being over, I declare the meeting concluded. Thank you all.

Thank you everybody. Thank you.

Thanks.