26th ANNUAL REPORT
2015-2016

KOTHARI FERMENTATION & BIOCHEM LIMITED

New Delhi

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

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KOTHARI FERMENTATION AND BIOCHEM LIMITED

NOTICE OF TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the members of "KOTHARI FERMENTATION AND BIOCHEM LIMITED" will be held on Wednesday, the 28th day of September, 2016 at 11:00 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 Audited financial statements of the company for the financial year ended 31st of March, 2016, the Reports of Board of Directors and Auditors thereon.

2. To appoint a director in place of Mr. Pramod Kumar Kothari (DIN: 00086145), who retires by rotation and, being eligible, offers himself 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.

AS SPECIAL BUSINESS

4.To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED That pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and in partial modification of the relevant resolution passed at the Annual General Meeting of the Company held on 28.09.2013, consent of the Company be and is hereby accorded to the revision in the remuneration of Mr. Pramod Kumar Kothari, (DIN:00086145), Chairman & Managing Director of the Company, w.e.f. 01.04.2016 to a salary of Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand only) per month, for the remaining period of his tenure i.e. upto 31.03.2018.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED That pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and in partial modification of the relevant resolution passed at the Annual General Meeting of the Company held on 28.09.2013, consent of the Company be and is hereby accorded to the revision in the remuneration of Mrs. Kavita Devi Kothari, (DIN:00120415), Whole-Time Director of the Company, w.e.f. 01.04.2016 to a salary of Rs.1,10,000/- (Rupees One Lakh Ten Thousand only) per month, for the remaining period of her tenure i.e. upto 31.03.2018.

Date: 13.08.2016
Place: New Delhi

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED
Isha Gupta
Company Secretary (ACS -22178)

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi – 110 017

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. (i) 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.
(ii) 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 Regulation 36(3) of the SEBI Listing Regulations, 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, 21st day of September, 2016 to Wednesday, the 28th day of September, 2016 (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 during normal business hours on working days upto the date of the AGM.

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 year ending 31.03.2016, along with Notice, Instructions for E-voting, Attendance Slip, Proxy Form and Route Map 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 26th AGM and the Annual Report for the year 2015-2016 will be available on the Company's website, www.kothariyeast.in. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by courier, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: kfbl@airtelmail.in

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 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 24th day of September 2016 (9.00 a.m.) and ends on Tuesday, September 27th, 2016 (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 21st day of September, 2016,** 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 NDSL 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 the Client ID or Folio No. as password. The said PDF file contains the member's 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 choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the 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 be ready for remote e-voting as Cast Vote page opens.
(ix) Cast the 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 voted on the resolution, the member will not be allowed to modify his 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@vkcosecy.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
e) In case of any queries, 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.
f) Member can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
g) 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 21st September, 2016.**
h) 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. 21st September, 2016., may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kfbl@airtelmail.in.
I) However, if the member is already registered with NSDL for remote e-voting then he can use his existing user ID and password for casting his vote. If he forgets his password, he can reset his 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
j) 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.
k) 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.

l) Mr. V.K. Sharma, Practising Company Secretary (Membership No. – FCS -3440) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

m) 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.

n) 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.

o) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company, i.e. 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.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

The shareholders may recall that Mr. Pramod Kumar Kothari was appointed as the Chairman & Managing Director of the Company w.e.f 01.04.2013 for a period of 5 years at the 23rd Annual General Meeting held on 28.09.2013.

Since there has been a considerable increase in the duties and responsibilities performed by the Chairman & Managing Director and after considering the prevailing Managerial Remuneration in Industry, the Board of Directors at their meeting, on the recommendations made by the Nomination and Remuneration Committee, has approved the proposal to increase the salary of Mr. Pramod Kumar Kothari, Chairman & Managing Director from the present Rs.75,000/- per month to Rs.1,25,000/- per month, w.e.f. 01.04.2016 for the remaining period of his tenure, i.e. upto 31.03.2018. Except for the aforesaid revision in salary, all other terms and conditions of his appointment as the Chairman & Managing Director of the Company as approved earlier shall remain unchanged.

As the terms for revision in remuneration proposed above are well in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for the above revision in remuneration.

Mr. Pramod Kumar Kothari and his relatives (including Mrs. Kavita Devi Kothari, Whole-Time Director) may be deemed to be concerned or interested in the said resolution. No other Director, KMP or their relatives are concerned or interested in the said resolution.

ITEM NO. 5

The shareholders may recall that Mrs. Kavita Devi Kothari was appointed as the Whole-Time Director of the Company w.e.f 01.04.2013 for a period of 5 years at the 23rd Annual General Meeting held on 28.09.2013.

Since there has been a considerable increase in the duties and responsibilities performed by the Whole-Time Director and after considering the prevailing Managerial Remuneration in Industry, the Board of Directors at their meeting, on the recommendations made by the Nomination and Remuneration Committee, has approved the proposal to increase the salary of Mrs. Kavita Devi Kothari, Whole-Time Director from the present Rs.60,000/- per month to Rs.1,10,000/- per month, w.e.f. 01.04.2016 for the remaining period of her tenure, i.e. upto 31.03.2018. Except for the aforesaid revision in salary, all other terms and conditions of her appointment as the Whole-Time Director of the Company as approved earlier shall remain unchanged.

As the terms for revision in remuneration proposed above are well in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for the above revision in remuneration.

Mrs. Kavita Devi Kothari, Whole-Time Director and her relatives (including Mr. Pramod Kumar Kothari, Chairman & Managing Director) may be deemed to be concerned or interested in the said resolution. No other Director, KMP or their relatives are concerned or interested in the said resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015

·Re-Appointment of Mr. Pramod Kumar Kothari on retirement by rotation (DIN: 00086145) (Item No. 2):

Section 152(6) of the Companies Act, 2013 implies that the executive directors would retire by rotation at every Annual General Meeting of the Company. Accordingly, Mr. Pramod Kumar Kothari, being longest in office, shall retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

He was appointed as the Chairman & Managing Director of the company for a period of 5 years 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 Mr. Pramod Kumar Kothari is provided in this Annual Report. Upon his re-appointment as a director, Mr. Pramod Kumar Kothari shall continue to hold office as the Chairman & Managing Director of the Company, and such determination of office by retirement and then re- appointment would not constitute a break in his tenure of service as the Chairman & Managing Director.

Regd. Office:
16, Community Centre,
1st Floor, Saket, New Delhi – 110 017
Dated: 13th of August, 2016

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED
Isha Gupta
Company Secretary
ACS - 22178

PROFILE OF DIRECTOR REAPPOINTED AND OTHER DIRECTORSHIPS

· **Mr. Pramod Kumar Kothari (DIN: 00086145)**

Mr. Kothari is presently the Chairman & Managing Director of the Company. He is one of the Promoter directors of the company and has been playing a vital role in the overall structure & development of the company since its incorporation.

Mr. Kothari aged about 51 years is the son of Late Shri Moti Lal Kothari, the founder of Kothari Fermentation & Biochem Limited (KFBL). He is a qualified Engineer {B.Tech – (Electronics)} and has a vast experience of Business, Trade & Industry for over 25 years. He looks after technical, legal, marketing functions and overall management of the company.

His strong entrepreneurial skills, as also an undying commitment and belief in his abilities, have been instrumental in bringing KFBL to its present position.

He is the member of the Stakeholders Relationship Committee of the Board of the Company and holds 7,14,200 Equity Shares of face value of Rs.10/- each, constituting around 4.8% of the total paid-up share capital of the Company.

He is also a Director in M/s. Sampat Industrial & Construction Company Limited but does not hold membership of any committees of the Board of such other company.

The disclosure of relationships between directors inter-se along with the shareholding of the Non-Executive Directors is separately provided later in this Annual Report.

Regd. Office:
16, Community Centre,
1st Floor, Saket, New Delhi – 110 017
Dated: 13th of August, 2016

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED
Isha Gupta
Company Secretary
ACS - 22178

DIRECTORS' REPORT

TO THE MEMBERS OF

Your directors are pleased to present the 26th Annual Report together with the Audited Accounts for the year ended on 31st March 2016:

1. FINANCIAL RESULT

(Rs. In lacs)

	2015-2016	2014-2015
Turnover	7718.13	6433.08
Profit before Finance Charges & Depreciation	626.98	467.87
Finance Charges	144.92	155.30
Depreciation	197.30	172.65
Profit before Tax	284.76	139.93
Taxes:		
Current Tax	58.50	28.25
Less: MAT Credit Entitlement	(42.41)	(28.25)
Deferred Tax	79.79	53.93
Net Profit/ (Loss) after Tax	188.87	86.00

2. BUSINESS OPERATIONS

During the year under review, your company achieved production of 15230 MT during 2015-16 as compared to 14026 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 7718.13 Lakhs during the year 2015-16 as compared to Rs. 6433.08 Lakhs during previous year recording a growth of 19.98%. The profitability of the company is Rs. 188.87 Lakhs during the year 2015-16 as compared to profit of Rs. 86.00 Lakhs during the previous year recording a growth of 119.63% 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 Section 152(6), the directors excluding the Independent Directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting. Thus, Mr. Pramod Kumar Kothari (DIN: 00086145) Chairman & Managing Director of the Company retire by rotation and being eligible, offers himself for reappointment. Though, such determination of office by retirement and then re-appointment would not constitute a break in his tenure of service as the Chairman & Managing Director of the Company.

Brief resume of Mr. Pramod Kumar Kothari, nature of his expertise in specific functional areas and the name of the public companies in which he holds the Directorship, as stipulated under the Listing Agreement/ SEBI (LODR) Regulations, is given in the notice convening the Annual General Meeting. The Board recommends his 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 Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable.

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 2015-16.

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;

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 2015-16 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+' 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. CERTIFICATIONS

Your company has been certified as ISO 9001:2008 on 30.05.2016 for its quality management systems employed at every level of the organization.

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 Auditors

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 2015-16, 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 Lakhs 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 demanded by BSE. The matter is pending with BSE for its necessary approval.
2. The Company has appealed against the order of Income Tax Department before the Commissioner of Income tax Appeals, New Delhi with in prescribed time limit. The Company's management including its tax advisors believes that its position will likely be upheld in the appellate process whereby it is expected that the matter will be decided in favour of the Company and the demand raised will be dropped by the Appellate Authorities.

The Board at its meeting held on 13.08.2016 reappointed M/s V.K. Sharma & Company, Practising Company Secretaries as Secretarial Auditor for FY 2016-17.

9. CORPORATE GOVERNANCE

The Company is complying with the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable 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

A comprehensive Vigil mechanism/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. 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. RISK MANAGEMENT POLICY OF THE COMPANY

Your company has 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.

12. REMUNERATION POLICY AND BOARD EVALUATION

The Board has adopted a Remuneration Policy as recommended by the Nomination & Remuneration Committee. It provides for the criteria for determining Qualifications, Positive Attributes & Independence of the Directors, defining the criteria of the remuneration of the KMP's and Senior managerial personnel along with their roles and responsibilities. The aim is to ensure that the company attracts and retains competent people.

The Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually. The Disclosures relating to the same are provided in the Corporate Governance Report.

13. DISCLOSURES

a) Number of Board & Committee Meetings:

During the year under review, Five 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 12.03.2016.

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.

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'.**

The information required pursuant to section 197 read with rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees will be provided upon request.

g) Related Party Transactions – There were no materially significant transactions with the related parties during the financial year that may have potential conflict with interest of the Company at large. Disclosures relating to the same are provided separately in the Corporate Governance Report.

h) Particulars of Loans, Guarantees or Investments under Section 186 – Details of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 are given in the accompanying Financial Statements.

i) Prevention of Sexual Harassment – The Company has zero tolerance for sexual harassment at workplace. A committee has been set up to redress complaints received regarding sexual harassment. During the year, no complaints pertaining to sexual harassment were received.

j) Significant and Material Orders Passed by the Regulators or Courts – No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION, 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.

For and on behalf of the Board

Place: New Delhi
Date: 13th of August, 2016

Pramod Kumar Kothari
Chairman & Managing Director

ANNEXURE – A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31.03.2016

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

To,
The Members,
KOTHARI FERMENTATION & 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 & 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 & 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 31.03.2016 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 **M/s KOTHARI FERMENTATION & BIOCHEM LIMITED** ("the Company") for the financial year ended on 31.03.2016 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) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and amendments from time to time;
(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 regarding the Companies Act and dealing with client;
(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) Other laws applicable to the Company as per the representation given by the Company.
We have also examined compliance with the applicable clauses of the following:
(I) The Listing Agreements entered into by the Company with BSE Ltd. (Bombay Stock Exchange) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
(ii) Secretarial Standards issued by The Institute of Company Secretaries of India, with respect to board and general meetings.
During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent they were applicable 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 issues to which the company has submitted required clarifications/replies.
2. The Company had received a demand notice from Income Tax Department for the A.Y. 2008-09 for an amount of Rs. 665.81 Lacs which has been stayed by the Department in view of the Hon'ble Delhi High Court order dated 22.12.2015.
We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. There was no change in the composition of the Board of directors of the company during the period of review.
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, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
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 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.
We further report that during the audit period there was no specific event/action which has a major bearing on the affairs of the company in pursuance of above referred laws, rules, regulations, guidelines, standards etc.

For V. K. Sharma & Co.
Company Secretaries
(V. K. Sharma)
C. P. No.:-2019
FCS:-3440

Date: 13th August 2016
Place: NOIDA

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report

'Annexure A'

To,
The Members,
M/s KOTHARI FERMENTATION & BIOCHEM LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification procedures on test basis.
6. 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.

For V. K. Sharma & Co.
Company Secretaries
(**V. K. Sharma)**
C. P. No.:-2019
FCS:-3440

Date: 13th August 2016
Place: NOIDA

ANNEXURE - B

EXTRACT OF ANNUAL RETURN

(As on financial year ended on 31.03.2016)

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Managemen t & 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 COMPANY 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

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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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	8282200	0	8282200	55.21	3.80
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	2945000	0	2945000	19.63	
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	0	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) FIIs	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	58219	42200	100419	0.67	809995	42200	852195	5.68	5.01
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	916050	962615	1878665	12.52	944573	946215	1890788	12.605	0.085
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1495541	242400	1737941	11.58	804850	156300	961150	6.408	5.172
c) Others:									
Non Resident Indians	2714	0	2714	0.0181	2953	0	2953	0.0197	0.001
Hindu Undivided Family	33661	0	33661	0.2244	45148	0	45148	0.3009	0.0765
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	1166	0	1166		0.0077
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):-	2506185	1247215	3753400	25.02	2608685	1144715	3753400	25.02	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2510285	1262515	3772800	25.15	2612785	1160015	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)	13737485	1262515	15000000	100.00	13839985	1160015	15000000	100.00	0

b) Shareholding of Promoters:-

S. N	Shareholder's Name	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	510800	3.4053	NA	730800	4.872	NA	(+) 1.4667
2	Siddhant 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	357300	2.382	NA	(+) 0.4333
7	Chaudhry Bros. Traders And Builders (P) Ltd.	3230000	21.5333	NA	2945000	19.6333	NA	(-) 1.90

c) Change in Promoters' Shareholding:

Sl. No.		Shareholding in 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	In the beginning of the year	11227200	74.85	11227200	74.85
2	Date wise increase/ decrease in Promotors Shareholding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	—	—	—	—
At the end of the year		**11227200**	**74.85**	**11227200**	**74.85**

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	Date	No. of Shares	
1	Glocom Impex Pvt. Ltd.	7,43,000	4.953	7,43,000	4.953	NA	0	NA
2	Deepinder Singh Poonian	2,25,526	1.503	2,25,526	1.503	NA	0	NA
3	Ranjit Kumar Baid	1,40,000	0.933	1,40,000	0.933	NA	0	NA
4	Deepa Surana	1,20,900	0.806	1,20,900	0.806	NA	0	NA
5	Sajjan Devi Baid	1,10,400	0.736	1,10,400	0.736	NA	0	NA
6	Sushil Kumar Borar	76,110	0.507	76,110	0.507	NA	0	NA
7	H C Bhandari	66,600	0.444	52339	0.349	15.03.2016 22.03.2016	(-)1404 (-)12857	(-)0.095
8	Dheeraj Kumar Lohia	58,102	0.387	58,102	0.387	NA	0	NA
9	Sparta Holdings Limited	40,000	0.267	40,000	0.267	NA	0	NA
10	Raj Kumar Lohia	26,458	0.176	26,458	0.176	NA	0	NA
11	Foujdar Swati Avinash	27,799	0.185	14,000	0.093	16.10.2015	(-)13,799	(-)0.092

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	Date	No. of shares	% of total shares of the company
	1. Mr. Pramod Kumar Kothari					
1	In the beginning of the year	714200	4.7613%	—	714200	4.7613%
2	Date wise increase/ decrease in Promotors Shareholding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	—	—	—	—	—
At the end of the year					**714200**	**4.7613%**

	2. Mrs. Kavita Devi Kothari					
1	In the beginning of the year	225800	1.5053%		2,25,800	1.5053%
2	Date wise increase/ decrease in Promotors Shareholding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	—	—	01.12.2015 08.03.2016	2,85,000 2,20,000	(+)1.90% (+)1.46%
At the end of the year					**7,30,800**	**4.8720%**
	3. Mr. Ratan Lal Dudheria					
1	In the beginning of the year	400	0.002%		400	0.002%
2	Date wise increase/ decrease in Promotors Shareholding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	—	—	—	—	—
At the end of the year					400	0.002%

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	11,72,57,396.00	NIL	NIL	11,72,57,396.00
ii) Interest due but not paid	0.00			0.00
iii) Interest accrued but not due	3,34,194.00			3,34,194.00
Total (i+ii+iii)	11,75,91,590.00			11,75,91,590.00
Change in Indebtedness during the financial year				
· **Addition**	4,18,67,848.00	NIL	NIL	4,18,67,848.00
· **Reduction**	0.00			0.00
Net Change	4,18,67,848.00			4,18,67,848.00
Indebtedness at the end of the financial year				
i) Principal Amount	16,46,97,406.00	NIL	NIL	16,46,97,406.00
ii) Interest due but not paid	0.00			0.00
iii) Interest accrued but not due	75,324.00			75,324.00
Total (i+ii+iii)	16,47,72,730.00			16,47,72,730.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

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 NA	7.20 NA	16.20 NA
2	Stock Option, Sweat Equity, Commission	NA	NA	NA
	Total (A)	9.00	7.20	16.20
	Ceiling as per the New Act	15.33	15.33	30.66

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

C. Remuneration To Key Managerial Personnel Other than MD/MANAGER/WTD **(Amt. in Rs./Lacs)**

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	4.67	4.63	9.30
2	Stock Option, Sweat Equity, Commission, Others	NA	NA	NA
	Total (A)	4.67	4.63	9.30

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.

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 3.58 in respect of Mr. Pramod Kumar Kothari and 3.05 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: 16.07%.

d) The number of permanent employees on the rolls of Company as on 31.03.2016 employees is **173**.

e) Average increase in Remuneration and Company Performance - On an average, employee received an increase of about 19.04%. The increase in remuneration is in line with the market trends and is linked to organization performance.

f) 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: The average increase in salaries of employees in 2015-16 was 19.04%. Percentage increase in the Managerial Remuneration for the year was 16.03**%**.

g) 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 that the 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, 2016

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

	FOR THE YEAR ENDED ON 31st MARCH, 2016	FOR THE YEAR ENDED ON 31st MARCH, 2015
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	14297520	11886180
Total Amount (Rs. in Lacs)	1200.19	885.66
Rate/Unit Rs.	8.39	7.45
b) HSD		
Quantity (litres)	197300	191300
Total Amount (Rs. in Lacs)	93.08	108.90
Average Rate per Ltr. (Rs.)	47.18	56.93
c) Furnace Oil		
Quantity (litres)	145551	0.00
Total Amount (Rs. in Lacs)	34.15	0.00
Average Rate per Ltr. (Rs.)	23.46	0.00
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)	23.10	21.07
c) Total (Rs. in lacs)	23.10	21.07
d) Total R & D expenditure as percentage of turnover of Manufacturing activity	0.30	0.33
3. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Foreign exchange earnings (Rs.in lacs)	----	----
Foreign exchange outgo (Rs.in lacs)	176.67	48.02

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Your company operates in only one segment of Manufacturing Yeast during the year 2015-16. Yeast is a fermenting and leavening agent. Yeast is rich in proteins and acts as a probiotic. Various types of Yeasts are produced, e.g. 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, Pharmaceuticals and Others sectors.

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 country's 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.

The 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 winter season during cane crushing by sugar mills and so needs to be stored for the remaining period of the year.

Also the effluent generated with molasses as main raw material with high BOD and COD effluent requiring complex, elaborate and expensive treatment equipment posing challenges to 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 challenges 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.

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. The company is being approached by research organizations for developing more uses and benefits of Yeast.

Segment wise Performance

Manufacturing of Yeast is the only business segment of the Company during the year 2015-2016. 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 :

Particulars	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
	Manufacturing of Yeast	Manufacturing of Yeast
a)Production (MT)	15230	14026
b)Revenue		
-Net sales	7718.13	6433.08
c) Result		
-Before Tax & Interest	429.68	295.23
Less:		
i) Finance Exp.	144.92	155.30
ii) Other Un-allocable Exp	------	------
Net Profit before Tax.	284.76	139.93
d) Capital Employed	3075.97	2887.09

The company recorded a capacity utilization of 84**%** of its production facilities during the year. Working on the policy of "Sustainable Development" and "Eco-friendly manufacturing", the company has in its first phase set up the Effluent Treatment System for treatment of pollution generated from the capacity increase in production. The expansion relates **to increase of its production facilities to 25000 MT,** which is expected to be completed by the financial year ended 2016-17. 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. The company has undergone a major expansion whereby the plant's automation and improvements has been taken care of. The increase in production facilities would also reap benefits from the next financial year, i.e. 2016-17. Major capital investment has been undertaken for the same and 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 173 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.

For and on behalf of the Board

Pramod Kumar Kothari
Chairman & Managing Director

Place: New Delhi
Date: 13th of August, 2016

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India vide its notification dated 2nd of September, 2015 notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'SEBI Listing Regulations'), which were made applicable with effect from 1st of December, 2015 and repealed the erstwhile Listing Agreement with the stock exchanges, makes obligatory on the Companies to report the Compliance Status as per requirements of Companies Act, 2013 and SEBI Listing Regulations, 2015. The Company is in full compliance with the Corporate Governance norms as stipulated therein.

Given below are the Company's Corporate Governance policies and practices for the financial year 2015-16.

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 is the balance struck between independent decision making and effective business controls. The 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 and authorities.

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 SEBI Listing Regulations.

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.

Composition & Category of Directors

Particulars	Number of Directors	Percentage of composition
Executive Directors (including one woman director)	2 (including Chairman)	40%
Non-executive Independent Directors	3	60%
Total	5	100%

(ii) Board meetings:

During the year, 5 Board meetings were held, i.e. on 14th May, 2015, 30th May, 2015, 14th August, 2015, 7th November, 2015, and 13th February, 2016. The maximum gap between any two meetings was not more than one hundred and twenty days.

All the agenda items in the Board Meetings are backed by necessary supporting information anddocuments to enable the Board to take informed decisions. Presentations before the Board were made by executive heads of the departments from time to time to keep the Board apprised of the developments on various functional areas. The company is in compliance with Part A of Schedule II read with Regulation 17 of the SEBI Listing Regulations with regard to information being placed before the Board.

During the year, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

The composition of the Board of Directors, their Attendance 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	
					Chairman	Member
Mr. Pramod Kothari	Chairman & Managing Director	Yes	5	1	NIL	NIL
Mrs. Kavita Devi Kothari	Whole - Time Director	No	5	NIL	NIL	NIL
Mr. Prasanna Kumar Pagaria	Independent Non-executive Director	Yes	3	NIL	NIL	NIL
Mr. Ratan Lal Dudheria	-----Do----	No	2	NIL	NIL	NIL
Mr. Kapil Dev Puri	-----Do---	Yes	5	1	NIL	2

* Number of other Directorships held in Public Limited Companies only and excludes directorships held in private limited companies, foreign companies and Section 8 companies/

* Only covers Membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee of other Public Limited Companies.

(iii) Orderly succession to Board and Senior Management

The Board of the Company has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

(iv) Code of conduct for Board of Director and Senior Management

The Company has adopted a Code of Conduct for Board of Director and Senior Management (referred to as the 'Code'). The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at www.kothariycast.in. All Board members and senior management have confirmed compliance with the code for the year ended 31st March, 2016. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

(v) Independent Directors:

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large. As mandated by Regulations 25 of the SEBI Listing Regulations as of March 31, 2016, none of the independent directors of the company served as an independent director in more than seven listed entities and as per Regulation 26, none of Directors is a member of more than ten committees or acting as Chairperson of more than five committees of the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. Also the maximum tenure of independent directors is in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI Listing Regulations.

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013. As per Regulation 46(2) of SEBI Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website.

Mr. Ratan Lal Dudheria holds 400 Equity shares of the Company. No other non-executive independent director holds any shares and convertible instruments in the Company.

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 12th of March, 2016, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of the other Executive and Non-Executive Directors; and
- Assessed the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors of the Company attended the Meeting of Independent Directors.

Familiarization Programme for Independent Directors

The Company familiarizes its Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include presentations made by the functional heads on the developments in their respective departments' vis-à-vis the industry as whole. They are also updated on the changes in the policies, laws, etc and their impact on the company as a whole on a continuing basis.

The Familiarization programmes imparted to Independent Directors are disclosed on the Company's website i.e. www.kothariycast.in

(vi) Performance Evaluation

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees. The structured evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgments, performance of duties and obligations and implementation of good corporate governance practices. The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The Board expressed its satisfaction of the performance of all the directors, Board and its committees which reflected the overall engagement of the Directors, the Board and its committees, with the Company.

(vii) 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

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 Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, an Audit Committee exists which has been delegated all the requisite functions and powers to impart the role defined in Part C of Schedule II to the Listing Regulations and in Section 177 of the Companies Act, 2013. The broad terms of reference are:

- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Scrutinize inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluate internal financial controls and risk management systems.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower/Vigil mechanism.

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

- **Powers of the Audit Committee**

The Audit committee has the powers to investigate any activity within its terms of reference, seek information from the employees, obtain outside legal or professional advice and secure their attendance, if necessary.

- **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	Independent/ Non – executive Directors	4
Mr. Ratan Lal Dudheria	Member		2
Mr. Kapil Dev Puri	Member		4

Majority of the members of Audit Committee have accounting and financial management expertise. The Committee met 4 times during the year, i.e. on 30.05.2015, 14.08.2015, 07.11.2015 and 13.02.2016. Mr. Pramod Kumar Kothari, Chairman & Managing Director, is the permanent invitee to the Audit Committee. The Chief Financial Officer, Internal Auditors and Statutory Auditors also attend the meetings as and when desired by the members of the committee to clarify and discuss queries raised by the committee.

(ii) Nomination & Remuneration Committee

- The **terms of reference** of the Nomination & Remuneration Committee are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees,
- Formulation of criteria for evaluation of Independent Directors and the Board,
- Devising a policy on the Board's diversity,
- Identifying persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

- **Composition, Meetings and Attendance**

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

Name of the Member	Status	Category	No. of Meeting attended
Mr. Prasanna Kumar Pagaria	Chairman	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 14.08.2015

• **Performance Evaluation criteria of Independent Directors**

The criteria for evaluation of Independent Directors as well as other Directors includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, team work abilities, achievements, understanding and awareness, motivation/commitment/diligence, integrity/ethics/values and openness/receptivity. The performance evaluation of Independent Directors was done by the entire Board and in the evaluation the Director who was subject to evaluation had not participated.

• **Remuneration of Directors**

The Board has adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees as recommended by the Nomination & Remuneration Committee. The policy has laid down the criteria for determining qualifications, positive attributes, independence of Director and Board diversity. It also lays down the factors for determining remuneration of Whole–time Director, Non-Executive Directors, Key Managerial Personnel and other employees along with the evaluation criteria of the Independent Director and the Board.

The Company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any executive and/or non-executive directors. During the year under review, none of the directors was paid any performance-linked incentive/ commission. In 2015-16, the Company did not advance any loans to any of the executive and/or non-executive directors.

Details of Remuneration paid to Directors for the year 2015-2016

(a) Executive Directors: **(Rs. In Lacs)**

PARTICULARS	MR. PRAMOD KUMAR KOTHARI	MRS. KAVITA DEVI KOTHARI
Salaries	9.00	7.20
TOTAL	**9.00**	**7.20**

(b) Non- Executive Directors:

During the year under review, there were no pecuniary transactions with any non-executive director of the Company. Further no sitting fee was paid to the non-executive Directors during the year 2015-16 as decided by themselves for not accepting any sitting fees.

• **Policy on Board Diversity**

In compliance with the provisions of the SEBI Listing Regulations, the Board through its Nomination and Remuneration Committee has devised a Policy on Board Diversity. The objective of the Policy is to ensure that the Board comprises adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Board composition as at present meets with the above objective.

(iii) Stakeholders Relationship Committee:

• **Terms of Reference**

The "Stakeholders' Relationship Committee" is constituted in line with the provisions of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Committee is responsible for assisting the Board of Directors in the matters relating to attending and redressal of the grievances of the security holders of the Company. The Committee in particular looks into:

- The security holders' complaints on matters relating to transfer of securities, non-receipt of annual report, non-receipt of dividends and matters related thereto, issuing of duplicate certificates, etc.
- The matters that can facilitate better investor services and relations.
- Reviewing the performance of the RTA and recommending measures for the overall improvement in the quality of investor services.

• **Composition, Meetings and Attendance during the year**

The Committee met 4 times during the year, i.e. on 30.05.2015, 14.08.2015, 07.11.2015 and 13.02.2016 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	4
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. : 011-26850004, 40590944
E-mail : kfbl@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 Stakeholders Relationship Committee Meeting on quarterly basis. Two complaints were received and resolved during the year under review mainly related to change of address, demat, etc. There was no investor complaint pending as on 31.03.2016. There were no valid share transfers pending for registration for more than 15 days on the said date.

As per Regulation 85 of the Listing Regulations, an email id, i.e. kfbl@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. All the queries received from the shareholders during the Financial Year 2015-16 have been responded by the R&T Agent and generally replied to within a fortnight.

4. Annual General Meetings

AGM	YEAR	VENUE	DATE	TIME
25th	2014-2015	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	30.09.2015	10.30 A.M.
24th	2013-2014	------do------	29.09.2014	10.00 A.M.
23rd	2012-2013	------do------	28.09.2013	10.00 A.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
25th	2014-2015	NIL	30.09.2015
24th	2013-2014	1. Authorized the Board for borrowing money over and above the paid - up share capital and free reserves upto Rs. 20 Crores. 2. Authorized 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
23rd	2012-2013	NIL	28.09.2013

5. Means of Communication

Half-yearly & Quarterly results	The results of the company are published in newspapers and also sent to the Stock Exchanges within stipulated time period.
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

6. General Shareholder Information

(i) 26th Annual General Meeting:

Venue : "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019

Time : 11:00 A.M.

Day & Date : Wednesday, the 28th day of September, 2016

(ii) Tentative Financial Calendar:

Financial Year 2016-2017		
1. First Quarterly Results	(Unaudited/Limited Review)	July-August 2016
2. Second Quarterly Results	----------Do----------	October-November 2016
3. Third Quarterly Results	----------Do----------	January-February 2017
4. Fourth Quarterly Results	----------Do----------	April-May 2017
5. Annual Results	(Audited)	May 2017

(iii) Book Closure

Share Transfer Books and Register of Members shall remain closed from , Wednesday, the 21st day of September, 2016 to Wednesday, the 28th day of September, 2016 (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, Dalal Street, Mumbai – 400 001.	507474

Note: Annual Listing Fees for the year 2016-2017 have been duly paid to the above stock exchange.

(vi) DEMAT ISIN Number in NSDL & CDSL - INE991B01010

(vii) Market Price Data for the year 2015-16:

Monthly high/low prices and trading volumes during the financial year 2015-16 on BSE Ltd. are given hereunder:

Month	High	Low	No. of Trades	No. of Shares Traded
April 2015	11.2	8.5	81	6983
May 2015	10.58	7.92	43	4812
June 2015	12.5	10.64	28	3629
July 2015	11.8	9.41	47	10666
August 2015	15.38	10.65	135	32471
September 2015	15.59	11.05	92	29821
October 2015	20.2	14.95	215	56197
November 2015	23.45	16.1	175	40305
December 2015	23.5	16.1	313	64834
January 2016	32.8	18.2	1087	188864
February 2016	27.1	20	604	75112
March 2016	28.8	21	347	75414

(viii) Registrar and Share Transfer Agents

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

(ix) Share Transfer System

The share transfers affected by the delegated authority (RTA) 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 provided they being complete in all respects. Requests for dematerialization received from the shareholders are affected within a period of maximum15 days.

(x) Distribution of Shareholding

A) Distribution of Shareholding according to size class as on 31st March 2016:

S. No	Nominal Value of Equity Shares held (Rs.)	Shareholders		Shares held in each class			
		Number	%	Physical	Demat	Total	% to Total
1	Upto 5000	9602	95.184	808615	403423	1212038	8.080
2	5001 To 10000	249	2.468	46300	162881	209181	1.395
3	10001 To 20000	114	1.130	17600	156322	173922	1.159
4	20001 To 30000	31	0.307	17000	60649	77649	0.518
5	30001 To 40000	22	0.218	14300	65102	79402	0.529
6	40001 To 50000	18	0.178	18400	66433	84833	0.566
7	50001 To 100000	23	0.228	41500	131901	173401	1.156
8	Above 100000	29	0.287	196300	12793274	12989574	86.597
Total		10088	100.00	1160015	13839985	15000000	100.00

B) Distribution of Shareholding across Categories as on 31st March 2016:

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	2953	0.020
4.	Indian Public	2898252	19.322
5.	Private Corporate Bodies	852195	5.681
	TOTAL	**15000000**	**100.000**

(xi) Dematerialization of Shares and Liquidity

About **92.267%** of the total equity share capital of the company was held in Dematerialization form as on 31st March, 2016 with NSDL/ CDSL. The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors and is listed on BSE Ltd., which provide sufficient liquidity to them.

(xii)Outstanding GDRs/ADRs/Warrants or any Convertible Instruments – Not Applicable

(xiii) Location of Plant

D-6 to D-12, Village Rajarampur,
UPSIDC Industrial Area, Sikandrabad,
District Bulandshahr (U.P.) – 203205

(xvi) Address for Correspondence:

- **With the Company:**
  Kothari Fermentation & Biochem Ltd.,
  1st Floor, 16, Community Centre, Saket, New Delhi – 110017
  Tel.: 011 - 26850004, 40590944,
  E-mail for investors' grievance redressal : kfbl@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.6 (viii) above.

7. Other Disclosures

• Related Party Transactions (RPT)

There were no materially significant transactions with the related parties during the financial year that may have potential conflict with interest of the Company at large.

All transaction entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were on arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013.

During the year 2015-16, as required under section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, all RPTs were placed before Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under Accounting Standard 18 is set out separately in this Annual Report.

The Company has formulated a policy on dealing with related party transactions which has been uploaded on the website of the Company, i.e. - www.kothariyeast.in

• **Shareholding of directors**

Information on shares held by directors in the Company as on 31 March 2016 is provided in the annexure to the Directors' Report in Form MGT-9, i.e., extract of the Annual Return.

• **Penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority**

No penalties, and strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Material Subsidiaries

The Company does not have a subsidiary as defined under Regulation 16(1)© of the SEBI Listing Regulations and hence this clause is not applicable on the company.

• **Proceeds from public issue, rights issue, preferential issue, etc.**

During the year, the Company has not raised any funds from public issue, rights issue, preferential issue, etc.

• **Disclosure of material transactions by Senior Management**

Under regulation 26(5) of SEBI Listing Regulations, Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was Nil.

• **Compliances regarding Insider Trading**

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended. These regulations have been substituted by SEBI with a new set of Regulations, which have come into effect from the 15th day of May, 2015. Accordingly, the Board at its meeting held on 14.05.2015, approved and adopted:

a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and

b) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The code referred to in (a) above is placed on the Company's website - www.kothariyeast.in

• **Vigil mechanism and Whistle Blower Policy:**

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 Company affirms that no employee has been denied access to the Audit Committee. The policy as approved by the Board is uploaded on the Company's website at www.kothariyeast.in

• **Risk Management Policy of the Company**

The Company has 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.

• **Disclosure of Accounting Treatment and Directors' Responsibility Statement**

In the preparation of financial statements, the company has followed the Accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable. The Board has also affirmed the above that the Annual Accounts have been prepared as per applicable Accounting Standards and Policies and that sufficient care has been taken for maintaining adequate accounting records.

• **Details of compliance with mandatory and discretionary requirements as per SEBI Listing Regulations**

All the mandatory requirements have been complied with in this report on Corporate Governance. There is no non-compliance with any requirement of corporate governance as prescribed in sub-paras (2) to (10) of the Corporate Governance report as given in Schedule V© of the SEBI Listing Regulations, 2015.

The Corporate Governance requirements specified in Regulation 17 to 27 and under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations has also been duly complied with in this Report as well as on the website of the company.

The Discretionary requirements as stipulated in Part E of Schedule II have been adopted to the extent and in the manner as stated hereunder:

o The Board: Since the Company has an executive Chairman, the requirement regarding non-executive Chairman is not applicable to the Company.

o Shareholder rights: A quarterly, half-yearly and annual financial results are published in the newspapers and are also posted on the website of the company.

o Modified opinion(s) in the audit report: The Company confirms that its financial statements for the year under reference are with unmodified audit opinion.

o Reporting of Internal Auditor: The Internal Auditor reports directly to the Audit Committee.

• **CEO/ CFO Certification**

Pursuant to the provisions specified in Part B of Schedule II and in terms of Regulation 17(8) of the SEBI Listing Regulations, a certificate on the Financial Statements from CEO and the CFO is issued and forms part of the Annual Report.

• **Compliance Certificate**

Compliance certificate for Corporate Governance from Statutory Auditors of the Company is annexed herewith.

The above report has been placed before the Board at its meeting held on 13th of August, 2016 and the same was approved.

Place: New Delhi
Date: 13th of August, 2016

For and on behalf of the Board
Pramod Kumar Kothari
Chairman & ManagingDirector

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.

Place: New Delhi
Date: 13th of August, 2016

Arun Kumar Sekhani
Chief Financial Officer

Pramod Kumar Kothari
Chairman & Managing Director

DECLARATION

Pursuant to the requirements of Clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, hereby certify that the Board Members and the Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st of March, 2016.

For Kothari Fermentation & Biochem Ltd.

Place: New Delhi
Date: 13th of August, 2016

Pramod Kumar Kothari
Chairman & Managing Director

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 ("the Company") for the year ended 31ST of March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period from 1st of April, 2015 to 30th of November, 2015 and as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st of December, 2015 to 31st of March, 2016.

The compliance of 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 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 above-mentioned Listing Agreement/ Listing Regulations, as applicable.

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

FOR NAHATA JAIN & ASSOCIATES
Chartered Accountants
Firm's Regn. No. 016351-N
Anil K.Jain
Partner, M. No. 93912

Place: New Delhi
Date: 13th of August, 2016

Independent Auditor's Report

To the Members of Kothari Fermentation and Biochem Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kothari Fermentation And Biochem Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, 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 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 and presentation of these 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 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. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2016 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, 2016 ("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, a statement on the matters specified in the paragraph 3 and 4 of the order.

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 by this Report are in agreement with the books of account;
(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
(e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) 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 28 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 were no amount which were 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, 2016

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

Annexure - A to the Independent Auditors' Report -31st March 2016

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

(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 notices on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
(ii) (a) As explained to us inventory, other than stock lying with third parties, has 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'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of the loans given and investments made.
(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. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
(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 of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, service tax and value added tax have not been deposited by the Company on account of disputes:

Statue	Nature	Amount involved	Period	Forum where dispute is pending
Income Tax Act	Demand of tax	#Rs.665.81 lacs	A.Y. 2008 -09	CIT(A), New Delhi

* a stay order has been received against the amount disputed and not deposited.

(viii) 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.
(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under report. Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that the money raised by way of term loans has been applied for the purposes for which those were raised.
(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Place: New Delhi
Date: 30th May, 2016

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

Annexure - B to the Independent Auditors' Report -31st March 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Kothari Fermentation and Biochem Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: New Delhi
Date: 30th May, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.		31st March, 2016 Amount (Rs.)		31st March, 2015 Amount (Rs.)
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	150,000,000		150,000,000	
Reserves and Surplus	3	157,596,556	307,596,556	138,709,343	288,709,343
Non-current Liabilities					
Long-term borrowings	4	61,964,985		44,268,223	
Deferred tax liabilities(net)	5	21,787,618		13,808,144	
Long-term provisions	6	10,363,306	94,115,909	8,461,952	66,538,319
Current Liabilities					
Short-term borrowings	7	89,127,923		64,956,837	
Trade payables	8	20,057,179		28,774,787	
Other current liabilities	9	51,767,848		33,170,880	
Short-term provisions	10	5,531,376	166,484,326	4,327,062	131,229,566
TOTAL			**568,196,791**		**486,477,228**
ASSETS					
Non-current Assets					
Fixed assets					
Tangible assets	11	342,211,613		240,141,346	
Capital work-in-progress		67,315,230	409,526,843	56,151,200	296,292,546
Long-term loans and advances	12	14,964,810		19,871,766	
Other non-current assets	13	78,666	15,043,476	301,472	20,173,238
Current Assets					
Inventories	14	60,241,285		54,904,828	
Trade receivables	15	45,483,627		41,526,766	
Cash and cash equivalents	16	7,059,293		15,411,186	
Short-term loans and advances	17	30,706,994		58,113,828	
Other current assets	18	135,273	143,626,472	54,836	170,011,444
TOTAL			**568,196,791**		**486,477,228**
			-		-
Significant Accounting Policies	1				

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

for NAHATA JAIN & ASSOCIATES For and on behalf of the board

Chartered Accountants

FRN : 016351N

ANIL K. JAIN	**PRAMOD KUMAR KOTHARI**	**KAPIL DEV PURI**	**PRASANNA KUMAR PAGARIA**
Partner, Mem No. 093912	Managing Director	Director	Director
	(DIN – 00086145)	(DIN – 00278929)	(DIN – 00162904)
Place: New Delhi	**ARUN KUMAR SEKHANI**	**ISHA GUPTA**	
Date: 30.05.2016	Chief Financial Officer	Company Secretary	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	Note No.	31st March, 2016 Amount (Rs.)	31st March, 2015 Amount (Rs.)
Revenue			
Revenue from operations	19	771,813,314	643,308,440
Other Income	20	2,823,347	2,934,010
		774,636,661	**646,242,450**
Expenses			
Cost of materials consumed	21	351,552,566	313,412,991
Purchases of stock-in-trade	22	-	642,175
Decrease /(Increase) in Stock	23	278,206	4,195,832
Employee benefit expenses	24	49,659,900	43,717,329
Finance costs	25	14,492,436	15,529,579
Depreciation and amortization expenses		19,730,850	17,264,851
Other expenses	26	310,446,621	237,486,917
		746,160,579	**632,249,674**
Profit / (loss) before tax		28,476,082	13,992,776
Tax expense			
Current tax		5,849,970	- 2,824,920
Less: MAT Credit entitlement		(4,240,575)	(2,824,920)
Deferred tax		7,979,474	5,392,767
Profit / (loss) for the year		18,887,213	8,600,009
Earnings per equity share (EPS)			
Basic		1.26	0.57
Diluted		1.26	0.57
Significant Accounting Policies	1		

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

for NAHATA JAIN & ASSOCIATES For and on behalf of the board

Chartered Accountants

FRN : 016351N

ANIL K. JAIN	**PRAMOD KUMAR KOTHARI**	**KAPIL DEV PURI**	**PRASANNA KUMAR PAGARIA**
Partner, Mem No. 093912	Managing Director	Director	Director
	(DIN – 00086145)	(DIN – 00278929)	(DIN – 00162904)
Place: New Delhi	**ARUN KUMAR SEKHANI**	**ISHA GUPTA**	
Date: 30.05.2016	Chief Financial Officer	Company Secretary	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Particulars		31st March, 2016 Amount (Rs.)	31st March, 2015 Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		28,476,082	13,992,777
Adjustments for:			
- Depreciation		19,730,850	17,264,851
- Earlier Year Depreciation Adjustment		61,377	-
- (Profit)/Loss on Sale of Assets		559,885	957,078
- Interest Paid		13,227,227	12,444,978
- Interest Income		(2,352,786)	(2,675,971)
Operating Profit before working capital changes		59,702,635	41,983,713
Adjustment for:			
- Increase / (decrease) in Trade Payable & Other Current Liabilities		9,879,360	9,558,748
- Increase / (decrease) in Long Term Provisions		1,901,354	2,149,992
- Increase / (decrease) in Short Term Provisions		4,404,989	3,577,980
- Decrease /(Increase) in Trade Receivalbe		(3,956,861)	6,672,329
- Decrease /(Increase) in Long Term Loan Advances & Non Current Assets		5,129,762	23,064,817
- Decrease /(Increase) in Short Term Loan Advances & Other Current Assets		27,326,397	(15,936,956)
- Decrease /(Increase) in Inventories		(5,336,457)	(17,753,617)
Cash used in operations		99,051,179	53,317,006
Direct taxes paid		4,810,070	1,005,546
Net Cash used in operating activities	**(A)**	94,241,109	52,311,460
B. CASH FLOW FROM INVESTING ACTIVITIES			
- Sale/Deletion of Fixed Assets		600,000	1,300,000
- Interest Received on Fixed Deposits & Others		2,352,786	2,675,971
- Purchase of Fixed Assets including Capital Work in Progress		(134,186,409)	(51,385,763)
Net cash used in investing activities	**(B)**	(131,233,623)	(47,409,792)
C. CASH FLOW FROM FINANCING ACTIVITIES			
- Proceeds/(Repayment) of Long Term borrowings		17,696,762	12,493,536
- Proceeds from Short Term borrowings		24,171,086	(2,249,719)
- Interest paid		(13,227,227)	(12,444,978)
Cash Generated/ used in Financing Activities	**(C)**	28,640,621	(2,201,161)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(8,351,893)	2,700,507
Cash & Cash Equivalents being Cash & Bank Balance (Opening Balance)		15,411,186	12,710,679
Cash & Cash Equivalents being Cash & Bank Balance (Closing Balance)		7,059,293	15,411,186

As per our report of even date attached

for NAHATA JAIN & ASSOCIATES For and on behalf of the board
Chartered Accountants

FRN : 016351N

ANIL K. JAIN	**PRAMOD KUMAR KOTHARI**	**KAPIL DEV PURI**	**PRASANNA KUMAR PAGARIA**
Partner, Mem No. 093912	Managing Director	Director	Director
	(DIN – 00086145)	(DIN – 00278929)	(DIN – 00162904)
Place: New Delhi	**ARUN KUMAR SEKHANI**	**ISHA GUPTA**	
Date: 30.05.2016	Chief Financial Officer	Company Secretary	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016 (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 ACCOUTING 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 earnings 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 earnings 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 OCCURING 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.

	As at 31st March, 2016 Amount (Rs.)	As at 31st March, 2015 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, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of Rs. 10/- each fully paid-up				
(i) Moti Lal Kothari	-	-	3,727,000	24.85
(ii Pramod Kumar Kothari-HUF	2,451,100	16.34	2,451,100	16.34
(iii) Chaudhry Brother Traders & Builders Pvt. Ltd.	2,945,000	19.63	3,515,000	23.43
(iv) Sidhhant Kothari	3,727,000	24.85	-	-

3. RESERVES & SURPLUS			
Capital Reserves			
As per last Balance Sheet		56,289,541	56,289,542
	(A)	**56,289,541**	**56,289,542**
Surplus / (deficit) in the statement of profit and loss			
balance at the beginning of the year		82,419,802	74,494,939
Add : Net Profit / (Net Loss) for the current year		18,887,213	8,600,009
		101,307,015	83,094,948
Less: Appropriations Adjustment relating to Fixed Assets		-	675,147
balance at the end of the year	**(B)**	**101,307,015**	**82,419,801**
	(A+B)	**157,596,556**	**138,709,343**

4. LONG TERM BORROWINGS

	As at 31st March, 2016 (Rs.)		As at 31st March, 2015 (Rs.)	
	Non-Current portion	Current maturities	Non-Current portion	Current maturities
Term Loan (secured)				
From Banks	61,964,985	13,467,700	3,585,925	2,228,568
From Others	-	-	40,406,155	5,313,475
Vehicles Loans	-	136,798	276,143	490,293
	61,964,985	13,604,498	44,268,223	8,032,336
Less: Amount disclosed under head "Other Current Liabilities" (Note No. 9)	-	13,604,498	-	8,032,336
	61,964,985	**-**	**44,268,223**	**-**

4.1 Term loan from bank includes various loans taken from Punjab National Bank as under

a Loan outstanding at the end of current financial year of Rs.403.21 lacs carrying interest @ 11.50% p.a. is repayable in monthly installment as per the terms of sanction. The same is secured by an immovable property owned by one of the director and one of the promoters of the company and also secured by personal guarantee of two directors of the company.

b Loans, taken for purchases / installation of various plant & machineries and other fixtures, outstanding at the end of current financial year of Rs.351.22 carries interest @ 11.50% -11.75% p.a. The same are repayable in monthly installments as per their terms of sanctions and secured by the hypothecation of the respective plant & machineries and other fixtures required for its operation and carry a pari passu charge on stock and debtors which are also hypothecated for CC Limit.

4.2 Vehicle loans are secured against hypothecation of motor vehicles purchased thereunder which are repayable in monthly installments as per terms of sanction.

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, 2016 are given as under:

A. **Deferred Tax Liabilities**		
a. Timing Difference in depreciable assets	26,861,696	21,645,541
Total (A)	26,861,696	21,645,541
B. **Deferred Tax Assets**		
a. Unabsorbed depreciation	-	3,663,727
b. Expenses allowable in future under I T Act,1961	5,074,078	4,173,670
Total (B)	5,074,078	7,837,397
Net Deferred Tax Liabilities/(Assets) (A-B)	**21,787,618**	**13,808,144**

6. LONG TERM PROVISIONS

Provision for Employee Benefits		
Gratuity (funded)	10,363,306	8,461,952
	10,363,306	**8,461,952**

7. SHORT TERM BORROWINGS

SECURED

From Banks		
Cash Credits	89,127,923	64,956,837
	89,127,923	**64,956,837**

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.

8. TRADE PAYABLE	As at 31st March, 2016	As at 31st March, 2015
Due to Micro, Small & Medium Enterprises	-	-
Others	20,057,179	28,774,787
	20,057,179	**28,774,787**

9. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowing (secured)		
Term Loan- from banks	13,467,700	2,228,568
Term Loan- from others	-	5,313,475
Vehicles Loans	136,798	490,293
Advance from Customers	2,044,537	1,638,408
Interest Accrued but not due	75,324	334,194
Creditors for Capital Goods	17,026,130	7,260,570
Statutory Dues Payable	3,073,662	2,488,984
Other payables	15,943,697	13,416,388
	51,767,848	**33,170,880**

10. SHORT TERM PROVISIONS		
Provsion for Taxation (Net)	3,616,571	2,824,920
Provision for Employee Benefits		
Leave Encashment	1,914,805	1,502,142
	5,531,376	**4,327,062**

11. FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION						NET BLOCK	
	Balance as on 1st April, 2015	Additions/ adjustments	Deletion/ adjustments	Balance as on 31st Mar, 2016	Balance as on 1st April, 2015	for the year		Adjustment	Deductions/ adjustments	Balance as on 31st Mar, 2016	Balance as on 31st Mar, 2016	Balance as on 31st Mar, 2015
Tangible Assets												
Land												
-Freehold	4,142,343	-	-	4,142,343	-	-	-			-	**4,142,343**	4,142,343
-Leasehold	5,485,647	-	-	5,485,647	-	-	-			-	**5,485,647**	5,485,647
Buildings	30,583,324	1,208,089	-	31,791,413	14,715,795	790,732	790,732			15,506,527	**16,284,886**	15,867,529
Plant & Machineries	323,629,880	117,915,369	-	441,545,249	143,742,308	14,231,548	14,231,548		61,377	158,035,233	**283,510,016**	179,887,572
Effluent Treatment Plant	53,274,761	-	-	53,274,761	27,866,539	2,760,133	2,760,133			30,626,672	**22,648,089**	25,408,222
R & D Laboratory Equipments	1,596,429	-	-	1,596,429	1,232,342	50,330	50,330			1,282,672	**313,757**	364,087
Furniture & Fixtures	2,093,412	179,034	-	2,272,446	1,379,199	99,620	99,620			1,478,819	**793,627**	714,213
Vehicles	11,567,235	3,015,699	1,558,605	13,024,329	5,411,644	1,203,816	1,203,816	-	(662,873)	5,952,587	**7,071,742**	6,155,591
Office Equipments	5,536,042	704,188	442,782	5,797,448	3,526,731	575,869	575,869	-	(178,629)	3,923,971	**1,873,477**	2,009,311
Factory Equipments	391,376	-	-	391,376	284,545	18,802	18,802	-		303,347	**88,029**	106,831
	438,300,449	**123,022,379**	**2,001,387**	**559,321,441**	**198,159,103**	**19,730,850**	**19,730,850**	**-**	**(780,125)**	**217,109,828**	**342,211,613**	**240,141,346**
Previous Year	390,534,409	52,141,451	4,375,411	438,300,449	182,013,181	18,264,255	-	999,404	(2,118,333)	198,159,103	240,141,346	208,521,228
Capital Work-in-Progress											67,315,230	56,151,200

	As at 31st March, 2016 Amount (Rs.)	As at 31st March, 2015 Amount (Rs.)
12. LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	6,204,036	12,143,097
Security Deposits	6,357,217	6,377,217
Recoverable from Statutory Authorities	2,403,557	1,351,452
	14,964,810	**19,871,766**
13. OTHER NON-CURRENT ASSETS		
*Bank balance on deposit accounts	55,500	244,143
Accrued Interest but not due	23,166	57,329
	78,666	**301,472**

*Pledged with bank/Government Authorities as margin money/ security against the guarantees maturing after 12 months.

14. INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials & Components	27,568,509	25,343,794
Raw Materials in transit	3,169,904	-
Work-in-Progress	5,221,065	6,717,909
Finished Goods	8,620,436	7,401,798
Stores & Spares	8,510,332	7,100,069
Others	7,151,039	8,341,258
	60,241,285	**54,904,828**
15. TRADE RECEIVABLES		
(Unsecured, considered good)		
Over six months from the due date	1,164,372	768,389
Others	44,319,255	40,758,377
	45,483,627	**41,526,766**
16. CASH AND CASH EQUIVALENTS		
Balances with Banks		
in Current Accounts with Scheduled Bank	1,525,198	11,957,546
in Depsosit Accounts held as Margin Money	3,913,519	762,400
Cash on hand	1,620,576	2,691,240
	7,059,293	**15,411,186**
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	13,956,237	46,870,985
Prepaid Expenses	991,427	868,815
Recoverable from Statutory Authorities	7,636,835	6,492,108
MAT Credit Entitlements	8,122,495	3,881,920
	30,706,994	**58,113,828**
18. OTHER CURRENT ASSETS		
Interest Accrued on deposits	135,273	54,836
	135,273	**54,836**

			Year ended 31st March, 2016 Amount (Rs.)		Year ended 31st March, 2015 Amount (Rs.)
19. REVENUE FROM OPERATIONS					
Sale of Manufactured Goods					
Yeast			771,813,314		643,308,440
			771,813,314		**643,308,440**
20. OTHER INCOME					
Interest Income					
-Bank Deposits			120,235		178,575
-Others			2,232,551		2,497,396
Liabilities no longer required W/back			470,561		258,039
			2,823,347		**2,934,010**
21. COST OF MATERIALS CONSUMED					
Raw Material Consumed					
Inventory at the beginning of the year			25,343,794		10,966,000
Add :	Purchases		353,777,281		327,790,785
			379,121,075		338,756,785
Less:	Inventory at the end of the year		27,568,509		25,343,794
Cost of Raw Material Consumed			**351,552,566**		**313,412,991**
22. PURCHASE OF STOCK-IN-TRADE					
Purchase of Trading Goods			-		642,175
			-		**642,175**
23. DECREASE /(INCREASE) IN INVENTORIES					
Inventories at the end of the year					
Finished Goods	8,620,436			7,401,798	
Work-in-progress	5,221,065	13,841,501		6,717,909	14,119,707
Inventories at the beginning of the year					
Finished Goods	7,401,798			6,451,121	
Work-in-progress	6,717,909	14,119,707		11,864,418	18,315,539
Decrease /(Increase) in Inventories			**278,206**		**4,195,832**
24. EMPLOYEE BENEFIT EXPENSES					
Salaries, Wages and others Allowances			42,090,559		36,567,967
Contribution to Provident & Other Funds			5,233,297		5,413,549
Staff Welfare Expenses			2,336,044		1,735,813
			49,659,900		**43,717,329**
25. FINANCE COST					
Interest on Working Capital loan			7,300,615		6,325,557
Interest on Term Loan			5,926,612		6,119,421
Bank Charges & Others			1,265,209		3,084,601
			14,492,436		**15,529,579**

	Year ended 31st March, 2016 Amount (Rs.)	Year ended 31st March, 2015 Amount (Rs.)
26. OTHER EXPENSES		
Consumption of Stores & Spare Parts	15,461,718	8,386,841
Power & Fuel and Water Charges	215,825,129	153,745,410
R & D Expenses	2,310,071	2,106,528
Repairs & Maintenance		
- Building Repair	1,656,312	1,354,170
- Plant & Machinery Repair	13,149,479	12,172,746
- Others Repair	857,067	1,025,205
Security Expenses	1,928,782	1,748,693
Rent	1,016,191	872,298
Insurance	1,218,521	799,109
Rates,Fee & Taxes	3,324,541	3,805,411
Postage & Telephone	1,602,990	1,537,554
Printing & Stationary	565,154	532,082
Travelling & Conveyance	4,630,280	3,274,819
Legal & Professional Charges	1,463,513	675,210
Vehicle Running & Maintenance	1,579,010	1,742,426
Payment to Auditors	270,870	261,090
Membership, Subscription & Periodicals	948,539	1,350,347
Listing & Share Transfer Expenses	224,720	129,214
Meeting Expenses	112,654	111,728
Misc Expenses	1,736,786	835,952
Exchange Rate Fluctuation	31,801	-
Advertisement & Publicity Expenses	52,914	63,008
Selling Expenses	514,490	493,858
Handling, Forwarding & Transportation	39,288,422	33,442,903
Loss on Sale of Assets	559,885	957,078
Bad Debts/ Sundries Balances W/off	55,405	6,063,237
Earlier Year Depreciation Adjustment	61,377	-
	310,446,621	**237,486,917**

26.1 Payment to Auditors		
Statutory Audit Fee	160,300	157,304
Tax Audit Fee	34,200	28,090
Limited Review & Certification Fee	68,550	67,416
Out of Pocket Expenses	7,820	8,280
	270,870	**261,090**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2016 (Contd…)

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

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

(b) Demand of Income Tax amounting to Rs.665.81 lacs (Previous Year Rs. Nil) under Income Tax Act disputed in Appeal.

(c) Outstanding Bank Guarantees for Rs. 106.95 lacs (Previous Year Rs.90.69 lacs)

(ii) Capital Commitments:

(Rs. In Lakhs)

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

	2015-16	2014-15
Fixed Assets	107.68	197.31

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, although, some of them are outstanding for a long period. 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. The company has given loans covered u/s 186(4) of the Companies Act, 2013 to a party M/s. Glocom Impex Private Limited of Rs.36.07 Lacs during the year (Previous year - Rs.217.90 Lacs) as temporary advances. The balance outstanding of the above-said advance as on 31.03.2016 is Rs.15.70 Lacs (Previous year – Rs.197.42 Lacs). Interest charged on this advance is @ 12% p.a. higher than the prevailing yield rates of Government Securities as prescribed u/s 186(7) of the Act.

34. 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:

	2015-16	2014-15
Present value of the obligation at the beginning of the period	108.72	86.10
Interest cost	8.70	6.89
Current service cost	8.83	7.77
Benefits paid (if any)	(2.25)	--
Actuarial (gain)/loss	3.92	7.96
Present value of the obligation at the end of the period	127.92	108.72

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

	2015-16	2014-15
Fair value of plan assets at the beginning of the period	24.10	22.98
Scheme Conversion Fee	---	(0.01)
Expected return on plan assets	1.93	0.57
Contributions	0.36	0.56
Benefits paid	(2.25)	--
Actuarial gain/(loss) on plan assets	0.14	--
Fair Value of Plan Asset at the end of the Period	24.28	24.10

III: Reconciliation of fair value of assets and Obligations:

	2015-16	2014-15
Present value of the obligation at the end of the period	127.92	108.72
Fair value of plan assets at end of period	24.28	24.10
Net liability/(asset) recognized in Balance Sheet and related analysis	103.64	84.62
Funded Status	(103.64)	(84.62)

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

	2015-16	2014-15
Interest cost	8.70	6.89
Current service cost	8.83	7.77
Expected return on plan asset	(1.93)	(0.57)
Net actuarial (gain) / loss recognized in the period	3.78	7.96
Expenses to be recognized in the statement of profit and loss accounts	19.38	22.05

V: The assumptions employed for the calculations are tabulated:

Discount rate	8.00 % per annum	8.00 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	8.00% 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

35. 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	Managing Director
-Mrs. Kavita Kothari	Whole-Time Director
-Ms. Khushboo Kothari	Executive Director (Tech.)
-Mr. Siddhant Kothari	Executive Director (Tech.)
- 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. Kushboo Kothari is daughter of Mr. Pramod Kothari.
3) Mr. Siddhant Kothari is son 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 (Rs. In lacs)

Name of the Related Party	Nature of Transaction	Current Year 2015-16	Previous Year 2014-15
Chaudhry Bros. Traders and Builders Pvt. Ltd.	Rent Paid	2.53	2.53
Mr. Pramod Kothari	Directors' Remuneration	9.00	9.00
Mrs. Kavita Kothari	Directors' Remuneration	7.20	7.20
Ms. Khushboo Kothari	Salary	3.60	3.60
Mr. Siddhant Kothari	Salary	2.00	--
Mrs. Isha Gupta	Salary	4.67	4.03
Mr. Arun Kumar Sekhani	Salary	4.63	3.97

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.

36. Earning per share (EPS) (AS –20)	**2015-16**	**2014-15**
(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)	18887213	8600009
(c) Basic EPS (in Rupees) per share	1.26	0.57
(d) Diluted EPS (in Rupees) per share	1.26	0.57

37. Additional Information:	**2015-16**	**2014-15** (Rs. in Lacs)
A) Value of Raw Materials and Stores and spares Consumed		
Raw Material Consumed:		
Indigenous	3460.89	3096.85
Imported	54.64	37.28
Stores and Spares Consumed:		
Indigenous	154.62	83.87
Imported	Nil	Nil
B) C.I.F. Value of Imports		
Capital Goods	104.22	Nil
Raw Materials	58.26	38.35
C) Earning in Foreign Currency	Nil	Nil
D) Expenditure in Foreign Currency		
Interest on buyers' Credit	Nil	0.81
Fee & Subscription	4.05	Nil
Travelling and other matter	10.14	8.86

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

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)

ARUN KUMAR SEKHANI
Chief Financial Officer

ISHA GUPTA
Company Secretary

Place: New Delhi
Date : 30th May,2016

KOTHARI FERMENTATION AND BIOCHEM LIMITED

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 26th 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 28, 2016 at11.00 A.M

_____ _____

Name of the Member / Proxy (in BLOCK letters)

Signature of the Member /Proxy

Electronic Voting Event Number(EVEN)	User ID	Password
104850		

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 31.03.2016 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 31.03.2016 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

26TH Annual General Meeting – 28th September, 2016

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 26th Annual General Meeting of the Company to be held on Wednesday, September 28, 2016 at 11:00 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*	
Ordinary Business		**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, 2016		
2	Appoint a Director in place of Mr. Pramod Kumar Kothari, who retires by rotation and being eligible offers himself for re-appointment		
3	Re-Appointment of M/s Nahata Jain & Associates as Statutory Auditors and fixation of their remuneration.		
Special Business			
4	Increase in remuneration of Mr. Pramod Kumar Kothari, Chairman & Managing Director of the Company by Ordinary Resolution.		
5	Increase in remuneration of Mrs. Kavita Devi Kothari, Whole-Time Director of the Company by Ordinary Resolution.		

Affix Revenue Stamp Not Less Than Re 0.15

Signed this ..... day of ..... 2016.

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

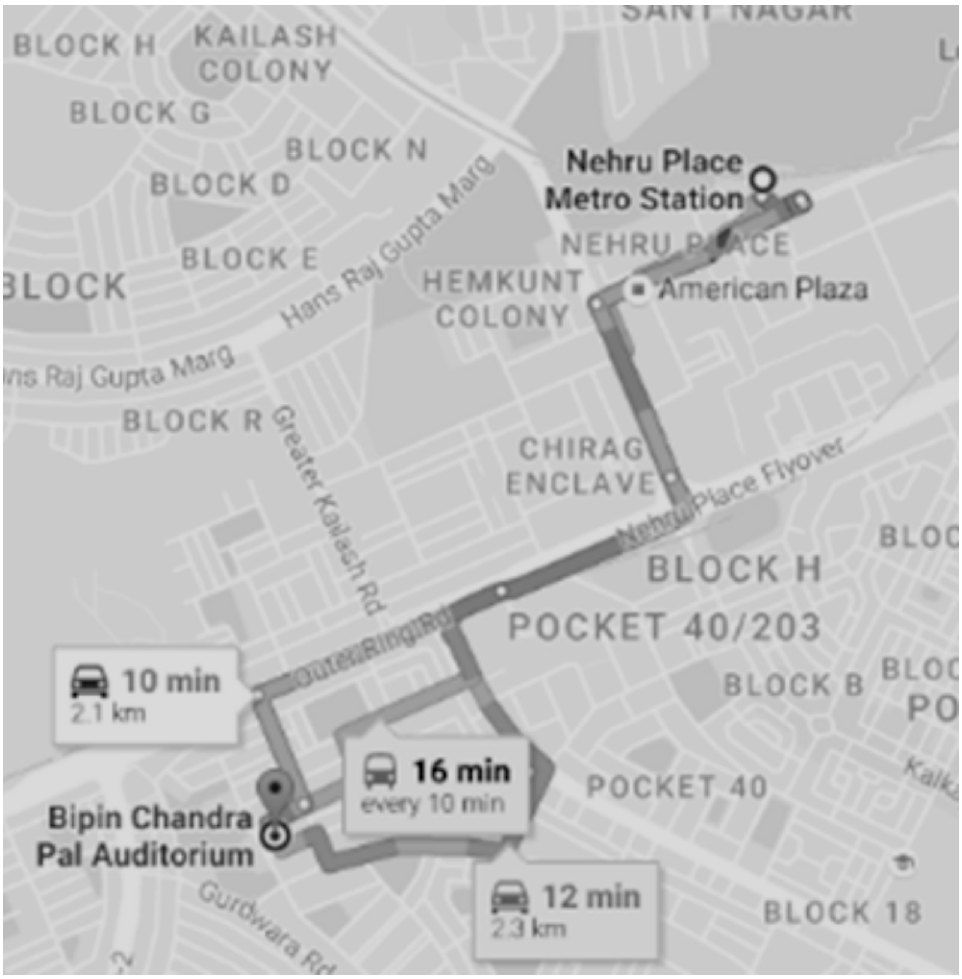
NOTE:

1. 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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 26th 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.

4. Please complete all details including detail of member(s) in above box before submission.

Route Map


BLOCK H
KAILASH COLONY
BLOCK G
BLOCK N
BLOCK D
BLOCK E
Hans Raj Gupta Marg
Nehru Place Metro Station
NEHRU PLACE
HEMKUNT COLONY
American Plaza
BLOCK R
Greater Kailash Rd
CHIRAG ENCLAVE
Nehru Place Flyover
BLOCK H
POCKET 40/203
BLOCK B
POCKET 40
10 min
2.1 km
16 min
every 10 min
Bipin Chandra Pal Auditorium
12 min
2.3 km
BLOCK 18
Gurdwara Rd