24th Annual Report
2013-14

KOTHARI FERMENTATION & BIOCHEM LIMITED

AWARDED FIRST IN THE PRIVATE MANUFACTURING SECTOR FOR ITS "EXCELLENCE IN COST MANAGEMENT"

Given by the prestigious INSTITUTE OF COST ACCOUNTANTS OF INDIA

Jury being headed by Dr. Justice Arijit Pasayat, former Justice of Supreme Court of India

---

IMPORTANT: VOTING THROUGH ELECTRONIC MEANS

In accordance with the Companies Act, 2013 as well as Clause 35B of the Listing Agreement, the Company has made arrangements with CDSL for Members to vote on the Resolutions in this Notice through electronic means. E-voting facility will be available from 18.09.2014 till 20.09.2014. (Kindly refer pages 3 to 4 for detailed instructions).

Registration of E-mail Addresses – "Green Initiative" of MCA

To contribute to the "green initiative" of the Ministry of Corporate Affairs, in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses for receiving communication in electronic form. Members holding shares in demat form, register the same with their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with either the Company or the RTA.

KOTHARI FERMENTATION AND BIOCHEM LTD.

(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

BANKERS

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

AUDITORS

NAHATA JAIN & ASSOCIATES
Chartered Accountants
New Delhi

REGISTERED OFFICE

1st Floor, 16, Community Centre, Saket,
New Delhi - 110 017

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 - 110 033

Contents ..... Page No.

Notice 1
Directors' Report 7
Management Discussion and Analysis Report 10
Report on Corporate Governance 12
Auditors' Report 20
Balance Sheet 23
Statement of Profit & Loss 24
Cash Flow Statement 25
Notes to Financial Statements 26

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the members of "**KOTHARI FERMENTATION AND BIOCHEM LIMITED**" will be held on Monday, the 29th day of September, 2014 at 10:00 A.M. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019, to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the company for the year ended 31st of March, 2014 including Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss for the year ended on that date and 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, and to fix their remuneration for the financial year ending 31st March, 2015.

AS SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Kapil Dev Puri (DIN : 00120415), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

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

   "RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Prasanna Pagaria (DIN : 00162904), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

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

   "RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Ratan Lal Dudheria (DIN : 02437129), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

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

   To authorise the Board of Directors for borrowing money upto Rs. 20 crores

   "RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 4th Annual General Meeting held on 29.09.1994 and pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.20 crores (Rs. Twenty Crores only) over and above the aggregate of the paid up share capital and free reserves of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

   To approve creation of charge/ security over the assets/ undertaking of the Company in respect of borrowings.

   "RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 5th Annual General Meeting held on 28.09.1995 and pursuant to Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded for creation by the Board of

Directors on behalf of the Company, of such mortgages/ charges/ hypothecation and floating charges (in addition to the existing mortgages/ charges/ hypothecation created by the Company in favour of the lenders) in such form and in such manner as may be agreed to between the Board of Directors and the lenders, on all or any of the present and future immovable and /or movable properties of the Company wherever situated, of every nature and kind whatsoever to secure any Indian Rupee or foreign currency loans, debentures, advances and all other moneys payable by the Company to the lenders concerned, upto the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company of loans or advances already obtained or to be obtained from, in any form, from any financial institution, bank, body corporate, company, insurer or to the general public .

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts, deeds and things as may be necessary and expedient to give effect to this resolution."

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.40,000/- plus travelling and other out of pocket expenses incurred by them and service tax recommended by the Audit Committee and approved by the Board of Directors of the Company to be paid to M/s HMVN and Associates, Delhi, Cost Auditor for the financial year ending 31st day of March, 2015, be and is hereby ratified."

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

    To approve and adopt new Articles of Association of the Company

    "RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

    RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts, deeds and things as may be necessary and expedient to give effect to this resolution."

By order of the Board

For KOTHARI FERMENTATION & BIOCHEM LTD.

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre, Saket,
New Delhi – 110 017
Dated: 14th of August, 2014

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. However, the company shall have the right to fully verify the identity of proxy.

   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, as extra copies will not be supplied.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.

3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

   In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.

4. The relevant details of Directors seeking appointment/re-appointment at the AGM as required by clause 49 of the Listing Agreement with the Stock Exchanges, forms integral part of the notice.

5. 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).

6. Members who are holding physical shares in identical names in more than one folio are requested to write to the Company/ RTA to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/RTA any change in their address with the postal area pin code number quoting their folio number.
7. Register of Members of the Company will remain closed from Thursday, 18th day of September 2014 to Monday, the 29th day of September 2014 (both days inclusive) for the purpose of Annual General Meeting.
8. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of the meeting.
9. 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.
10. Electronic copy of the Annual Report for the financial period ending 31.03.2014, Notice of the 24th AGM of the Company, instructions for e-voting, along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
11. Members may also note that the Notice of the 24th AGM and the Annual Report 2014 will be available on the Company's website, www.kothariyeast.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: kfbl@airtelmail.in.

VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members the facility to exercise their right to vote by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

- **Procedure / Instructions for E-voting are as under:**

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1001 then enter RA00001001 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for <KOTHARI FERMENTATION AND BIOCHEM LIMITED> on which to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- **Other instructions for E-voting**

(A) **The e-voting period commences on Thursday, September 18, 2014 (9.00 a.m.) and ends on Saturday, September 20, 2014 (6.00 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 (record date) of August 22, 2014, 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 CDSL for voting thereafter.

(B) In case of any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(C) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of August 22, 2014.

(D) Mr. V.K. Sharma, Practising Company Secretary, Noida, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(E) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(F) The results shall be declared on or after the AGM of the Company. The results of the e-voting along with the scrutinizer's report shall be available for inspection and also placed on the Company's website www.kothariyeast.in. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item Nos. 4, 5 & 6

Mr. Kapil Dev Puri, (DIN: 00120415) is a Non Executive Independent Director of the Company, appointed as such in 2011, had his office liable to retirement by rotation under the erstwhile provisions of the Companies Act, 1956. But now pursuant to Section 149 and any other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors effective from the 1st day of April, 2014, he shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

Mr. Prasanna Kumar Pagaria (DIN: 00162904) and Mr. Ratan Lal Dudheria (DIN: 02437129) are Independent Directors of the Company and have held the positions as such for more than 10 (Ten) years. Now pursuant to the provisions of the Companies Act, 2013 and also the amended Clause 49 of the Listing Agreement, with respect to appointment and tenure of the Independent Directors, those Directors who have already served for ten or more years in a Company can be appointed for a maximum period of one more term of five years and such appointment of independent directors shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended clause 49 of the Listing Agreement.

With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from member's alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria for the office of Directors of the Company. The Company has also received declarations from Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. It is therefore proposed to appoint them as Independent Directors for a term upto five consecutive years, commencing from 29th day of September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than the Independent Director for his respective appointment, is concerned or interested, financially or otherwise, in the Resolution.

The Board recommends and proposes the Ordinary Resolution for approval by the shareholders.

Item Nos. 7 & 8

In terms of the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up capital and its free reserves (Section 180(1)(c)) nor the Board can create security or create mortgages, charges and hypothecations over the assets of the Company which would be required to secure aforesaid borrowings (Section 180(1)(a)).

The above Section 180 of the Companies Act, 2013 corresponds to Section 293 of Companies Act, 1956 under which the consent of the Company was required by Ordinary Resolution. Accordingly, the shareholders of the Company had accorded consent by ordinary resolutions to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of Rs. 20 Crores (Rupees Twenty Crores only) and to create security or create mortgages, charges and hypothecations over the assets of the Company to secure above borrowings, at the 4th & 5th Annual General Meetings of the Company held on 29.09.1994 & 28.09.1995 respectively.

However, the Ministry of Corporate Affairs, New Delhi vide its General Circular No. 4/2014 dated 25th March, 2014 has stated that such ordinary resolutions passed under old Companies Act, 1956 for borrowing money in excess of limits and to create security on undertaking of the Company, shall remain valid upto one year from the commencement of the Companies Act, 2013 i.e. upto 11th September, 2014.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolutions.

The Board recommends the Special Resolutions in Item no. 7 & 8 for the approval of the members.

Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. HMVN and Associates, Cost Auditors at a remuneration of Rs.40,000/- (plus travelling and other out of pocket expenses incurred by them and service tax) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution. The Board recommends and proposes the Ordinary Resolution for approval by the shareholders.

Item No. 10

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act").

As the Companies Act, 2013 is now in force, the provisions of the Companies Act, 1956 are required to be replaced by provisions of the Companies Act, 2013 and the rules made thereunder. Accordingly, it is proposed to replace the existing Articles to streamline and align it with the corresponding provisions of the Companies Act, 2013.

Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution as set out at Item No. 10 of the Notice.

The Board recommends the Special Resolution for approval by the shareholders.

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

- **Re-Appointment of Mr. Pramod Kumar Kothari (DIN: 00086145) (Item No. 2)**

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

  Mr. Pramod Kumar Kothari, being longest in office, shall accordingly 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.

  Accordingly, the Board recommends his re-appointment.

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

- **Appointment of Other Directors (Item Nos. 4 to 6)**

  The brief profile of other independent directors appointed in the ensuing AGM, is provided herewith.

By order of the Board

For KOTHARI FERMENTATION & BIOCHEM LTD.

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre, Saket,
New Delhi – 110 017
Dated: 14th of August, 2014

PROFILE OF DIRECTORS AND OTHER DIRECTORSHIPS

1. 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 49 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.

2. Mr. Kapil Dev Puri (DIN: 00278929)

Mr. Puri is a Non-Executive Independent Director and was first appointed on Board of KFBL in 2011.

Mr. Puri aged about 83 years has done his B.E. (Electrical) from Delhi University. He has also done AMIE (Mechanical) and is a Fellow Member of the Institution of Engineers (India).

He has expertise in co-generation of power and energy conservation techniques. His expertise has been established by his distinct positions held by him in various companies.

He has work experience of around 33 years with DCM Group. He was the Chief engineer in Daurala Sugar Works, Chief Engineer in M/s. Shriram Vinyal & Chemical Industries in Caustic Soda and PVC Division, Deputy General Manager in Shriram Food & Fertilizers. He was also the Technical Director in Mahadev Fertilizers and subsequently a Director in Apex Design & Engineering Services.

He is the member of the Audit Committee, Nomination & Remuneration Committee, and the Stakeholders Relationship Committee of the Board of the Company. He does not have any shareholding in KFBL.

He is also an Independent Director in M/s. National Industrial Corporation Limited in which he is the member of the Audit Committee and the Nomination & Remuneration Committee of the Board.

3. Mr. Ratan Lal Dudheria (DIN: 02437129)

Mr. Dudheria is a Non-Executive Independent Director and was first appointed on Board of KFBL in 2003.

He is a graduate of around 69 years of age, and has a successfully running business of Grains and Pulses in Guwahati (Assam) for the last 40 years

He is the member of the Audit Committee and the Nomination & Remuneration Committee of the Board of the Company.

He holds 400 Equity Shares of face value of Rs.10/- each in KFBL.

4. Mr. Prasanna Kumar Pagaria (DIN: 00162904)

Mr. Pagaria is a Non-Executive Independent Director and was first appointed on the Board in the year 2002.

A graduate of around 51 years of age is having an established business of wires and electrical goods and appliances in Delhi for the last 25 years.

He holds the Chairmanship of the Audit Committee, Nomination & Remuneration Committee and the Stakeholders Relationship Committee of the Board of the Company. He does not hold any shares in KFBL.

By order of the Board

For KOTHARI FERMENTATION & BIOCHEM LTD.

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre, Saket,
New Delhi – 110 017
Dated: 14th of August, 2014

DIRECTORS' REPORT

TO THE MEMBERS OF
KOTHARI FERMENTATION AND BIOCHEM LTD.

Your directors are pleased to present the 24th Annual Report together with the Audited Accounts for the year ended on 31st March 2014:

1. FINANCIAL RESULTS ***(Rs. in lacs)***

	2013-2014	2012-2013
Turnover	**5062.57**	4390.50
Profit before Finance Charges & Depreciation	**372.22**	505.48
Finance Charges	**126.93**	118.22
Depreciation	**189.82**	149.43
Profit before Tax	**55.47**	237.83
Taxes:		
Current Tax	**10.57**	–
Less: MAT Credit Entitlement	**(10.57)**	–
Deferred Tax	**17.54**	73.86
Net Profit/ (Loss) after Tax	**37.93**	163.97

2. OPERATIONS

The company achieved production of 11462 MT during 2013-14 as compared to 9702 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 5062.57 Lacs during the year 2013-14 as compared to Rs. 4390.50 Lacs during previous year recording a growth of 15%. The profitability of the company is Rs. 37.93 Lacs during the year 2013-14 as compared to profit of Rs. 163.97 Lacs during previous year. Despite achieving higher production and turnover, the profits during 2013-14 are low in comparison to 2012-13, due to increase in raw material prices and power costs, whereas the market prices of company's products remained stagnant during the year 2013-14.

It is noteworthy to mention that the company achieved positive results even against the backdrop of general slowdown in the economy and greater stress in several other industries.

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

3. CURRENT YEAR'S OUTLOOK

Since the beginning of the current financial year 2014-15, the prices of the basic raw material of the company, i.e. Molasses have gone up due to prevailing conditions of the sugar mills. Due to its low availability in the subsequent months also, it is expected that it may increase further and would affect the profitability of the company.

The management has streamlined the manufacturing process to optimally utilize the limited resources available with the company and is making all efforts to improve the production and profitability of the company during the current year.

4. FIXED DEPOSITS

The Company has not accepted any deposit from public during the year under review, which would fall under section 58-A of the Companies Act, 1956.

5. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and pursuant to the company's new set of Articles of Association which is being adopted at the ensuing AGM, the Independent Directors of the Company, namely, Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria, whose offices were liable to retire by rotation in terms of the provisions of the Companies Act, 1956, are now required to be appointed by the members for a term of five consecutive years and they shall not be liable to retire by rotation.

The Company has received requisite notices in writing from members proposing Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria for appointment as Independent Directors for a term of 5 years. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

In view of the above, and pursuant to Section 152(6), the remaining directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting. Thus, Mr. Pramod Kumar Kothari, Chairman & Managing Director and Mrs. Kavita Devi Kothari, Whole - Time Director, would be liable to retire by rotation.

Mr. Pramod Kumar Kothari, being longest in office, would retire at this AGM. 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. 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. The Board recommends their appointment as such.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec. 217 (2AA) of the Companies Act, 1956 the directors 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 judgment 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 2013-14 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, 1956 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.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement containing the necessary information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed to this report as **Annexure-I.**

8. PERSONNEL

Your company maintains harmonious and cordial relations with all its employees. No employee is drawing salary more than the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

9. 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.

10. COMPLIANCE CERTIFICATE FROM COST AUDITORS

Pursuant to section 233B of Companies Act, 1956 read with Cost Audit Rules 2011, the Company will receive the Cost Audit Report for the Financial Year - 2013-14 from M/s HMVN & Associates, Cost Accountants, Delhi and would file the same with the Government within stipulated time.

The Board in its meeting dated 30.05.2014 and pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Cost Audit Rules, 2011, appointed M/s HMVN & Associates, Cost Accountants, Delhi as Cost Auditors for the Financial Year - 2014-15 at a remuneration recommended by the Audit Committee and approved by the Board of Directors. The same is being proposed to be ratified by the shareholders at the ensuing AGM.

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 for the ratification of the remuneration payable to the Cost Auditors.

11. CORPORATE GOVERNANCE

The Company is complying with Clause 49 of the Listing Agreement with regard to Corporate Governance and reports to that effect are being regularly filed with the Stock Exchanges. Pursuant to Clause 49 of the Listing Agreement, a Corporate Governance Report is made a part of this annual report.

A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached with this report.

The Company has also obtained declaration from the Directors and Senior Management members of the Company for compliance of the Code of Conduct and Ethics and the Certificate from CEO/CFO was placed before the Board of Directors.

12. MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis (MDA), which forms part of this Report, inter-alia, deals adequately with the operations and also the current and future outlook of the Company.

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 : 14th August, 2014

Pramod Kumar Kothari
Chairman & Managing Director

ANNEXURE – I

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2014

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

	FOR THE YEAR ENDED ON 31ST MARCH, 2014	FOR THE YEAR ENDED ON 31ST MARCH, 2013
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	**10640490**	8586000
Total Amount (Rs. in Lacs)	**786.37**	553.30
Rate/Unit Rs.	**7.39**	6.44
b) HSD/Furnace Oil		
Quantity (litres)	**128800**	228000
Total Amount (Rs. in Lacs)	**72.37**	92.13
Average Rate per Ltr. (Rs.)	**56.19**	40.41
c) Agro Fuel		
Quantity (MT)	**7329.75**	3541.18
Total Amount (Rs. in Lacs)	**265.16**	125.76
Average Rate per MT (Rs.)	**3617.56**	3551.76

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 AND DEVELOPMENT

a)	Capital (Rs. in lacs)	**–**	2.66
b)	Recurring (Rs. in lacs)	**24.65**	**17.59**
c)	Total (Rs. in lacs)	**24.65**	**20.25**
d)	Total R & D expenditure as percentage of turnover of Manufacturing activity	**0.49**	**0.46**

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings (Rs.in lacs)	**–**	–
Foreign exchange outgo (Rs.in lacs)	**63.93**	42.46

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Indian economy passed through one of its toughest phases in the financial year 2013-14. High inflation, weak demand, depreciating currency, rising cost of industrial input, tight liquidity with high cost of borrowing - all this took the consumer and investment sentiments to a new low. At 4.7%, the country recorded its second successive year of sub 5% GDP growth.

In such an environment, the growing companies are often hampered by business systems that simply cannot keep up with the changing requirements. Your company too faced with high costs of raw materials, consumables, etc. The power costs also rose by around 15% which too decelerated the growth of the company.

The company operates in only one segment of Manufacturing Yeast during the year 2013-14.

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. With an excellent team of technical and commercial professionals with expertise in yeasts manufacture, we offer better quality products in comparison to the products of the other multinational companies.

Opportunities and Threats

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

The company is constantly working to enter into markets, other than Bakeries, and had engaged a team of talented scientists and engineers to develop technologies for the manufacturing of Yeast based products needed for Distilleries, Feed, Food Pharmaceuticals and Biotech Industries.

But a major threat to the growth of the company is competition from Multi National Companies (MNCs) in yeast industry in India. The company through its continuous Research and Development efforts has been able to maintain the quality of yeast products as compared with the multinational companies. Also continuous increase in cost of raw materials, power tariffs and fuel costs are deterrent to the growth and profitability of the company.

Further the yeast industries are subjected to pollution problems and the company has achieved zero discharge of polluted water by installing MEE (Multi Effect Evaporator).

Awards and Recognitions

The company has received the First Award under the category of Private Manufacturing (Small) Organization by the prestigious Institute of Cost Accountants of India on the occasion of its "11th National Award for Excellence in Cost Management, 2013". The Jury was headed by Dr. Justice Arijit Pasayat, former Justice of Supreme Court of India.

Segment wise Performance

Manufacturing of Yeast is the only business segment of the Company during the year 2013-2014. 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 under the heading "Discussion on Financial Performance with respect to Operational Performance" later in this Report.

Future Outlook

The company is regularly reviewing its whole structure and making changes for future improvements. Your directors are making all efforts for increasing production during the current year. The company is constantly working to enter into markets for the manufacturing of Yeast based products needed for Distilleries, Feed, Food Pharmaceuticals and Biotech Industries. But, various control systems have been deployed for the reduction of costs and improving of the operating efficiencies

'Molasses', the basic raw material of the company, is a by-product of the sugar mills. And the Sugar Mills are not running in a comfortable position, thereby, affecting the availability of molasses. This fall in the supply, have considerably increased the prices.

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 making all efforts to earn profits in current year 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.

Discussion on Financial Performance with respect to Operational Performance

Particulars	2013-14 (Rs. in lacs)	2012-13 (Rs. in lacs)
	Manufacturing of Yeast	**Manufacturing of Yeast**
a) Production (MT)	**11462**	9702
b) Revenue		
— Net sales	**5062.57**	4390.50
b) Result		
— Before Tax & Interest	**182.40**	356.05
Less:		
i) Finance Exp.	**126.93**	118.22
ii) Other Unallocable Exp.	**–**	–
Net Profit before Tax.	**55.47**	237.83
c) Capital Employed	**2807.84**	2769.91

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 152 persons directly employed by the Company during the previous financial year on an average basis.

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

Place: New Delhi
Date : 14th August, 2014

Pramod Kumar Kothari
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. The report on corporate governance for the year 2013-14 is given below:

1. Company's Philosophy on Code of Governance:

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. In order to put this into practice, the Company builds favourable relationships with all of its stakeholders, including shareholders, customers, local communities, business associates and employees.

Kothari Fermentation & Biochem Ltd., while striving to achieve financial targets, seeks to follow the business principles and ethics in all its dealings and believes in customer orientation, teamwork, commitment, growth and trust as its corporate values.

The Company is in full compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors:

(i) Composition:

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

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

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

Composition & Category of Directors

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

(ii) Board meetings:

During the year under review, 7 Board meetings were held on 1st April, 2013, 30th May, 2013, 4th July, 2013, 12th August, 2013, 11th November, 2013, 9th January, 2014 and 8th February, 2014. The composition of the Board of Directors, Attendance of Directors at the Board Meetings and Annual General Meeting as also the number of other directorships in Indian Public Limited Companies and memberships of the committees of the Board of such companies are as follows:

Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings attended	No. of other Directorships#	Other Board's Committees	
					Chairman	Member
Mr. Pramod Kothari	Chairman & Managing Director	Yes	7	1	NIL	NIL
Mrs. Kavita Devi Kothari	Whole - Time Director	Yes	7	NIL	NIL	NIL
Mr. Prasanna Kumar Pagaria	Independent Non-executive Director	No	6	NIL	NIL	NIL
Mr. Ratan Lal Dudheria	–Do–	No	3	NIL	NIL	NIL
Mr. Kapil Dev Puri	–Do–	Yes	7	1	NIL	2

Number of other Directorships held in Public Limited Companies only.

(iii) **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 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

(iv) Director's Profile

A brief resume of Directors considered for appointment/re-appointment in the ensuing AGM, nature of their expertise in specific functional areas and company names in which they hold Directorships, Memberships/ Chairmanships of Board Committees, and shareholding in the Company are provided in this Annual Report.

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 and Remuneration Committee, (iii) Stakeholders Relationship Committee. The Company Secretary is the Secretary for all the following Committees of the Company.

(i) Audit Committee

- **Terms of Reference**

  As per clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, an Audit Committee exists in the company which has been delegated all the requisite functions and powers. The committee is entrusted with the responsibility to supervise the Company's internal controls and the financial reporting process. The committee also reviews the adequacy of the internal audit control systems with the management, external & internal auditors. It also recommends the management, the appointment, re-appointment, replacement or removal of statutory auditors, including cost auditors and fixation of their remuneration and other terms of appointment. It also discusses the major financial and risk management policies followed by the company apart from the finalization of Quarterly Results and Annual Accounts for the recommendation to the Board of Directors. The minutes of the Audit Committee meetings are regularly placed before the Board of Directors in their meeting and approved by them.

- **Composition**

  The composition of Audit Committee is given below:

Mr. Prasanna Kumar Pagaria	Chairman
Mr. Ratan Lal Dudheria	Member
Mr. Kapil Dev Puri	Member

  Mr. Pramod Kumar Kothari, Chairman & Managing Director, is the permanent invitee to the Audit Committee.

- **Meetings and Attendance during the year**

  The Committee met 4 times during the year, i.e. on 30.05.2013, 12.08.2013, 11.11.2013 and 08.02.2014 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. Ratan Lal Dudheria	Member	2
Mr. Kapil Dev Puri	Member	4

- **Whistle Blower Policy**

  The Company has communicated to all its directors and employees the "Whistle Blower Policy" and the Company has not denied any personnel, access to the audit committee of the Company (in respect of matters involving

unethical behavior, actual or suspected fraud or any violation of the company's code of conduct or ethics policy) and that it has also provided for the protection to "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices. The policy even provides for the direct access to the Chairman of the Audit Committee in exceptional cases.

(ii) Nomination & Remuneration Committee

- **Terms of Reference**

The Board of Directors re-named the Remuneration Committee as the "Nomination & Remuneration Committee" in its meeting dated 30.05.2014 with the same composition and in compliance with the Companies Act, 2013 and the listing agreement. The role of the committee is to devise policy on the Board's diversity. Its function is to recommend to the Board the appointment, removal and the overall evaluation of every director's performance. It has to also recommend and approve the remuneration payable to Managing Director, Whole - Time Director and also to review and approve recruitment policy, compensation package including annual increments, promotions etc. of senior executives.

- **Composition**

The committee consists of three non-executive independent Directors viz. Mr. Prasanna Kumar Pagaria as Chairman, Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri, as the Members. One meeting of the committee was held during the year on 09.01.2014, and the attendance at the meeting was as follows:

Name of the Member	Status	No. of Meeting attended
Mr. Prasanna Kumar Pagaria	Chairman	1
Mr. Ratan Lal Dudheria	Member	1
Mr. Kapil Dev Puri	Member	1

- **Remuneration Policy**

The Remuneration payable to the Directors and employees is linked with the performance of the company.

Details of Remuneration paid to Directors for the year 2013-2014

(a) Executive Directors:

PARTICULARS	MR. PRAMOD KUMAR KOTHARI (Rs.)	MRS. KAVITA DEVI KOTHARI (Rs.)
Salaries	9,00,000	7,20,000
TOTAL	**9,00,000**	**7,20,000**

(b) Non- Executive Directors:

No Remuneration was paid to Non-executive Directors during the year 2013-14. Further no sitting fee was paid to the non-executive Directors during the year 2013-14 as decided by themselves for not accepting any sitting fees.

(iii) Stakeholders Relationship Committee:

- **Terms of Reference**

The Board of Directors re-named the Shareholders Relationship Committee as the "Stakeholders Relationship Committee" in its meeting held on 30.05.2014, with the same composition and in compliance with the Companies Act, 2013 and the listing agreement. The Committee deals with all the work relating to transfer & transmission of shares and redressal of the investor's/ security holder's complaints. The Committee also monitors the implementation and compliance with the Code of Conduct for prevention of Insider Trading.

- **Composition**

Mr. Prasanna Kumar Pagaria is the Chairman along with Mr. Pramod Kumar Kothari and Mr. Kapil Dev Puri as members of the Committee. Mrs. Isha Gupta is the Company Secretary-cum-Compliance Officer of the Company.

- **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. There was no investor complaint pending as on 31.03.2014.

As per clause 47 (f) of the Listing Agreement 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.

Investor Grievance Received and Attended during the Year 2013-14

S.No.	Nature	Opening	Received	Attended	Pending
1.	Non-receipt/ Loss of share certificate	Nil	Nil	Nil	Nil
2.	Letters from Stock Exchange, SEBI, etc.	Nil	Nil	Nil	Nil
3.	Non-receipt of Dividend/ Balance-Sheet	Nil	Nil	Nil	Nil
4.	Others (Change of Address, Demat., etc.)	Nil	4	4	Nil

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

- **Pending Share Transfers**

  There was no pending share transfer as on 31.03.2014.

4. Annual General Meetings

AGM	YEAR	VENUE	DATE	TIME
23rd	2012-2013	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	28.09.2013	10.00 A.M.
22nd	2011-2012	------do------	29.09.2012	02.30 P.M.
21st	2010-2011	-do -	30.09.2011	02.30 P.M.

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

Special Resolution passed in previous three Annual General Meetings

AGM	YEAR	Subject of Special Resolution	Time
23rd	2012-2013	NIL	28.09.2013
22nd	2011-2012	NIL	29.09.2012
21st	2010-2011	NIL	30.09.2011

5. Disclosures

(i) The Company has no subsidiary company. The transactions with the related parties, in which Directors, relatives or the management, etc., are interested, have been incorporated in Note No. 34, forming part of Annual Accounts, as per Accounting Standard 18.

(ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets for non-compliance by the company during the last three years.

(iii) Financial statements of the company are prepared in accordance with the Accounting Standards as issued by the ICAI.

6. Means of Communication

Half-yearly result	The results of the company are published in newspapers and also sent to the Stock Exchanges. The results are also displayed at the websites of The Bombay Stock Exchange www.bseindia.com and of the Company www.kothariyeast.in.
Quarterly results	—Do—
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 MD & A is a part of annual report or not	Yes, forms part of annual report

7. General Shareholder Information

(i) 24th Annual General Meeting:

Venue	:	"Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019
Time	:	10:00 A.M.
Day & Date	:	Monday, the 29th day of September, 2014

(ii) Tentative Financial Calendar:

Financial Year 2014 - 2015		
1. First Quarterly Results	(Unaudited - Limited Review)	July-August 2014
2. Second Quarterly Results	----------Do----------	October-November 2014
3. Third Quarterly Results	----------Do----------	January-February. 2015
4. Fourth Quarterly Results	----------Do----------	April-May 2015
5. Annual Results	(Audited)	May 2015

(iii) Book Closure

Share Transfer Books and Register of Members shall remain closed from Thursday, the 18th September to Monday, the 29th September 2014 (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 Limited, Phiroze Jeejeebhouy Towers, 25th Floor, Dalal Street, Mumbai - 400 001.	507474
2.	The Delhi Stock Exchange Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002.	6395
3.	The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata - 700 001.	Applied for Delisting on 12th June, 2000
4.	Jaipur Stock Exchange Ltd., Stock Exchange Building, Jawaharlal Nehru Marg, Malviya Nagar, Jaipur - 302 017.	—Do—
5.	Gauhati Stock Exchange Ltd., Saraf Building Annexe, A.T. Road, Gauhati - 781 001.	Delisted w.e.f. 21.01.2014

Annual Listing Fees for the year 2014-2015 have been paid to BSE and Delhi Stock Exchange. The Listing Fees for other two stock exchanges have not been paid as the company has sought for delisting of its shares from these stock exchanges.

(vi) Market Price Data

Monthly high/low prices and trading volumes during the financial year 2013-14 on BSE are given hereunder:

Month	High	Low	No. of Trades	No. of Shares Traded
April 2013	11.49	8.69	18	202
May 2013	14.96	10.38	10	36
June 2013	15.59	9.80	19	375
July 2013	11.31	6.65	56	2950
August 2013	6.95	5.71	61	4323
September 2013	8.87	6.30	43	3214
October 2013	10.72	6.89	58	3576
November 2013	7.40	5.66	39	10921
December 2013	6.80	5.50	72	25117
January 2014	7.38	6.20	56	11834
February 2014	8.33	6.38	30	2470
March 2014	9.82	7.51	22	4633

(vii) Registrar and Transfer Agents

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

(viii) Share Transfer System

The Managing Director, Executive Director and the Company Secretary/ Compliance Officer are individually authorized to attend to share transfers and issue of duplicate share certificates, once a fortnight.

The share transfers affected by the above delegated authority are approved by the Stakeholders Relationship Committee once in a quarter.

The share transfer requests received in physical form by the Company or the Company's Registrar and Transfer Agent, are registered within a period of 15 days from the date of receipt. Requests for dematerialization received from the shareholders are effected within a period of maximum15 days.

There was no pending share transfer request as on 31.3.2014.

(ix) Distribution of Shareholding

The distribution of shareholding as on 31st March 2014 was as follows:

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 5000	6912	2872	9784	827015	414360	1241375	5.513	2.762	8.275
2	5001 To 10000	61	200	261	51800	169786	221586	0.345	1.132	1.477
3	10001 To 20000	14	88	102	20600	137176	157776	0.138	0.914	1.052
4	20001 To 30000	8	23	31	19700	57964	77664	0.131	0.387	0.518
5	30001 To 40000	4	16	20	14300	55300	69600	0.095	0.369	0.464
6	40001 To 50000	4	9	13	18400	42000	60400	0.123	0.280	0.403
7	50001 To 100000	5	18	23	41500	129022	170522	0.277	0.860	1.137
8	Above 100000	7	23	30	282400	12718677	13001077	1.882	84.792	86.674
	Total	7015	3249	10264	1275715	13724285	15000000	8.504	91.496	100.00

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 1,00,000	7008	3226	10234	993315	1005608	1998923	6.622	6.704	13.326
2	More than 1,00,000	7	23	30	282400	12718677	13001077	1.882	84.792	86.674
	Total	7015	3249	10264	1275715	13724285	15000000	8.504	91.496	100.00

Details of shareholding as on 31st March 2014, was as under:

S.No.	Category	No. of Shares held	% Shareholding
1.	Promoters	11227200	74.848
2.	Financial Institutions, Banks and Mutual Funds	19400	0.129
3.	NRIs, Foreign Nationals, OCBs and FIIs	4214	0.029
4.	Indian Public	2892302	19.282
5.	Private Corporate Bodies	856884	5.712
	TOTAL	**15000000**	**100.000**

(x) Dematerialisation of Shares and Liquidity

The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. About 91.496% of the issued share capital of the company was held in Demat Mode as on 31st March, 2014.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments - Not Applicable

(xii) Location of Plant

Village Rajarampur, Industrial Area, Sikandrabad, District Bulandshahr (U.P.) - 203205

(xiii) Address for Correspondence:

1. With the Company:

Kothari Fermentation & Biochem Ltd.,
1st Floor, 16, Community Centre, Saket, New Delhi - 110017.
Tel. : 2685004, E-Mail : kfbl@airtelmail.in, Website : www.kothariyeast.in

2. With the R & T Agent

The shareholders may also address their correspondence to the RTA of the Company; their address is given in point no. (v) above.

3. As per clause 47(f) of the Listing Agreement, the company has designated an e-mail id for the investors' grievance redressal, i.e. kfbl@airtelmail.in

(xiv) Investor Relations

All the queries received from shareholders during the Financial Year 2013-14 have been responded by the R&T Agent and generally replied to within a fortnight.

8. **CEO/ CFO Certification:** Pursuant to the provisions of Clause 49 of the Listing Agreement, a certificate on the Financial Statements from CEO / CFO is issued and is annexed and forms part of the Annual Report.

9. **Compliance:** The certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is annexed with this report.

10. **Declaration of Compliance with Code of Conduct:** This is to certify that as provided under Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, the Board members and the Senior Management personnel have affirmed to the compliance with Code of Conduct and Ethics for the twelve months period ended 31st March, 2014.

The non-mandatory requirements, wherever necessary, have been complied with.

For and on behalf of the Board

Place : New Delhi
Date : 14th August, 2014

Pramod Kumar Kothari
Chairman & Managing Director

CEO / CFO CERTIFICATION

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

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

We have indicated to the auditors and the Audit Committee:

i. Significant changes in internal control over financial reporting during the year;

ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

For Kothari Fermentation & Biochem Ltd

Place: New Delhi
Date: 14th of August, 2014

Arun Kumar Sekhani
Chief Financial Officer

Pramod Kumar Kothari
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of

KOTHARI FERMENTATION AND BIOCHEM LIMITED

We have examined the compliance of conditions of Corporate Governance by **Kothari Fermentation & Biochem Ltd.** during the year ended on 31st March 2014, as stipulated in revised clause 49 of the Listing Agreement of the said company with the stock exchanges.

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

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

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

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

Place : New Delhi
Date : 14th of August, 2014

(ANIL K. JAIN)
Partner, M. No. 93912

INDEPENDENT AUDITORS' REPORT

Auditors' 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 March 31, 2014, and the Statement of Profit and Loss and 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

Management is responsible for the preparation 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 Responsibitlity

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
   c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place : New Delhi
Date : 30th May, 2014

(CA ANIL K. JAIN)
Partner, M. No. 93912

Annexure referred to in paragraph-1 of Section "Report on Other Legal and Regulatory Requirements" of our report of even date Re: KOTHARI FERMENTATION AND BIOCHEM LIMITED (the Company) for the year ended 31 March 2014)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

01. In respect of its fixed assets:
    a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
    b) As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
    c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
02. In respect of inventories
    a) As explained to us inventories have been physically verified by the management at regular intervals during the year.
    b) In our opinion, procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business
    c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
03. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
    a) During the year, the company has granted unsecured loan to one party covered in the register maintained u/s 301 of the Companies Act, 1956 and the same was received back during the year. The amount involved was ₹ 97.38 lacs. However, during the year no interest has been charged on such accounts.
    b) During the year, the company has taken unsecured loan from two party covered in the register maintained u/s 301 of the Companies Act, 1956 and repaid back the same during the year. The amount involved was Rs.19.00 lacs and no interest has been paid during the year on such account. In our opinion the terms and conditions of unsecured loan taken by the company, are not, prima-facie, prejudicial to the interest of the company.
04. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventories and fixed assets and sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control system.
05. In respect of transactions covered under Section 301 of the Companies Act, 1956:
    a. In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance to Section 301 of the Companies Act, 1956 have been so entered.
    b) In our opinion and according to the information and explanations given to us, the transaction, if any, made in pursuance of contract or arrangements entered in the registers maintained under Section 301 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
06. The company has not accepted any deposits from the public thus the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable.

07. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.

08. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.

09. In respect of statutory dues:

a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is generally regular in depositing the undisputed statutory dues including provident fund, ESI contributions, income tax, service tax, cess and other statutory dues as applicable with appropriate authorities except few cases of delays in deposit of ESI contributions and tax deducted at source. According to the information and explanations given to us, generally there are no undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March, 2014 for a period of more than six months.

b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of income tax, sales tax, service tax, wealth tax, excise duty, custom duty, cess, etc., which have not been deposited on account of any dispute, except following:

Name of the Statute	Nature of dues	Amount involved (₹ in Lacs)	Period	Forum where dispute is pending
Central Excise Act	Demand of duty due to non-allowability of expenses	2.52	1994-95	Dy. Commissioner, Central Excise, Division V, Noida

10. The company has no accumulated losses as at 31st March, 2014. The company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.

11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks. The company has no debenture holders.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly clause (xiii) of para no. 4 of the Companies (Auditor's Report) (amended) Order, 2004 is not applicable.

14. According to the information & explanation given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of para no.4 of the Order is not applicable.

15. According to the information & explanation given to us and on our overall examination of balance sheet of the company we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.

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

17. According to the information and explanation given to us and on our overall examination of the balance sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term purposes.

18. During the year, the Company has not made any preferential allotment of shares.

19. The company has not issued any debentures during the year.

20. The company has not made any public issue during the year.

21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

(CA ANIL K. JAIN)
Partner, M. No.93912

Place: New Delhi
Date : 30th May, 2014

BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

PARTICULARS	Note No.	As at 31st March, 2014		As at 31st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	**150,000,000**		150,000,000	
Reserves and Surplus	3	**130,784,481**	**280,784,481**	126,991,415	276,991,415
Non-current Liabilities					
Long-term borrowings	4	**36,850,739**		38,876,525	
Deferred tax liabilities(net)	5	**8,739,634**		6,985,658	
Long-term provisions	6	**6,311,960**	**51,902,333**	5,350,888	51,213,071
Current Liabilities					
Short-term borrowings	7	**67,206,556**		62,958,972	
Trade payables	8	**26,706,321**		17,358,751	
Other current liabilities	9	**20,604,545**		20,592,536	
Short-term provisions	10	**1,806,071**	**116,323,493**	718,367	101,628,626
TOTAL			**449,010,307**		429,833,112
ASSETS					
Non-current Assets					
Fixed assets					
Tangible assets	11	**208,521,228**		212,796,427	
Capital work-in-progress		**56,906,888**	**265,428,116**	29,233,256	242,029,683
Long-term loans and advances	12	**43,066,385**		52,732,136	
Other non-current assets	13	**171,671**	**43,238,056**	156,993	52,889,129
Current Assets					
Inventories	14	**37,151,211**		49,729,298	
Trade receivables	15	**48,199,095**		32,027,877	
Cash and cash equivalents	16	**12,710,679**		10,688,701	
Short-term loans and advances	17	**42,095,895**		42,447,971	
Other current assets	18	**187,255**	**140,344,135**	20,453	134,914,300
TOTAL			**449,010,307**		429,833,112
Significant Accounting Policies	1		–		–

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

As per our report of even date attached

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

ANIL K. JAIN
Partner
M. No. : 093912

Place : New Delhi
Dated : 30th May, 2014

For and on behalf of the board

PRAMOD KUMAR KOTHARI
Managing Director
(DIN - 00086145)

PRASANNA KUMAR PAGARIA
Director
(DIN - 00162904)

KAPIL DEV PURI
Director
(DIN - 00278929)

ISHA GUPTA
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

PARTICULARS	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Revenue			
Revenue from operations	19	**506,257,475**	439,049,560
Other Income	20	**1,717,991**	3,662,618
		507,975,466	442,712,178
Expenses			
Cost of materials consumed	21	**241,661,802**	198,294,573
Purchases of stock-in-trade	22	**379,352**	77,621
Decrease /(Increase) in Finished Stock & work in Progress	23	**(461,191)**	(6,900,250)
Employee benefit expenses	24	**37,062,503**	33,147,753
Finance costs	25	**12,692,662**	11,821,840
Depreciation and amortization expenses		**18,982,302**	14,943,170
Other expenses	26	**192,110,995**	167,544,692
		502,428,425	418,929,399
Profit / (Loss) before tax		**5,547,041**	23,782,779
Tax expense			
Current tax		**1,057,000**	–
Less: MAT Credit entitlement		**(1,057,000)**	–
Deferred tax		**1,753,976**	7,386,299
Profit / (Loss) for the year		**3,793,065**	16,396,480
Earnings per equity share (EPS)			
Basic		**0.25**	1.09
Diluted		**0.25**	1.09
Significant Accounting Policies	1	–	–

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

As per our report of even date attached

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

ANIL K. JAIN
Partner
M. No. : 093912

Place : New Delhi
Dated : 30th May, 2014

For and on behalf of the board

PRAMOD KUMAR KOTHARI
Managing Director
(DIN - 00086145)

PRASANNA KUMAR PAGARIA
Director
(DIN - 00162904)

KAPIL DEV PURI
Director
(DIN - 00278929)

ISHA GUPTA
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**5,547,041**	23,782,779
Adjustments for:		
– Depreciation	**18,982,302**	14,943,170
– (Profit)/Loss on Sale of Assets	**(2,000)**	899,782
– Earlier Year Depreciation Adjustment	**–**	(232,160)
– Interest Paid	**11,995,724**	10,934,617
– Interest Income	**(530,942)**	(853,895)
Operating Profit before working capital changes	**35,992,125**	49,474,293
Adjustment for:		
– Increase / (decrease) in Trade Payable & Other Current Liabilities	**10,024,127**	2,597,550
– Increase / (decrease) in Long Term Provisions	**961,072**	1,499,374
– Increase / (decrease) in Short Term Provisions	**1,087,704**	319,172
– Decrease /(Increase) in Trade Receivalbe	**(16,171,217)**	(3,393,551)
– Decrease /(Increase) in Long Term Loan Advances & Non Current Assets	**9,651,072**	(3,955,327)
– Decrease /(Increase) in Short Term Loan Advances & Other Current Assets	**185,274**	(3,742,709)
– Decrease /(Increase) in Inventories	**12,578,087**	(9,230,478)
Cash used in operations	**54,308,244**	33,568,324
Direct taxes paid	**–**	–
Net Cash used in operating activities (A)	**54,308,244**	33,568,324
B. CASH FLOW FROM INVESTING ACTIVITIES		
– Sale/Deletion of Fixed Assets	**2,000**	2,378,470
– Interest Received on Fixed Deposits & Others	**530,942**	853,895
– Purchase of Fixed Assets including Capital Work in Progress	**(42,380,734)**	(61,823,755)
Net cash used in investing activities (B)	**(41,847,792)**	(58,591,390)
C. CASH FLOW FROM FINANCING ACTIVITIES		
– Proceeds/(Repayment) of Long Term borrowings	**(2,690,334)**	(2,505,200)
– Proceeds from Short Term borrowings	**4,247,584**	38,470,659
– Interest paid	**(11,995,724)**	(10,934,617)
Cash Generated/ used in Financing Activities(C)	**(10,438,474)**	25,030,842
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**2,021,978**	7,776
Cash & Cash Equivalents being Cash & Bank Balance (Opening Balance)	**10,688,701**	10,680,925
Cash & Cash Equivalents being Cash & Bank Balance (Closing Balance)	**12,710,679**	10,688,701

As per our report of even date attached

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

ANIL K. JAIN
Partner
M. No. : 093912

Place : New Delhi
Dated : 30th May, 2014

For and on behalf of the board

PRAMOD KUMAR KOTHARI
Managing Director
(DIN - 00086145)

PRASANNA KUMAR PAGARIA
Director
(DIN - 00162904)

KAPIL DEV PURI
Director
(DIN - 00278929)

ISHA GUPTA
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

1. 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, 1956 and are based on the historical cost conventions. The Company follows the mercantile system of accounting and recognise 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 of 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

a) Depreciation is provided as per the Straight Line Method at the rates provided in Schedule XIV to the Companies Act, 1956. Assets costing less than ₹ 5000/- are fully depreciated in the year of addition.
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 recognised at the point of despatch from factory to customers and sales from Depot are recognised 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 SHARE

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

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

(xii) BORROWING COST

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost till the assets is 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.account, in the year in which asset is identified as impaired.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd....)

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 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 (₹)	**Amount (₹)**
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 pasu voting right. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10/- each fully paid-up				
i) Moti Lal Kothari	3,727,000	24.85	3,727,000	24.85
ii) Pramod Kumar Kothari-HUF	2,451,100	16.34	2,451,100	16.34
iii) Chaudhry Brothers Traders & Builders Pvt. Ltd.	3,515,000	23.43	3,515,000	23.43

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 3: RESERVES & SURPLUS		
Capital Reserves		
As per last Balance Sheet	**56,289,542**	56,289,542
(A)	**56,289,542**	56,289,542
Surplus / (deficit) in the statement of profit and loss		
balance at the beginning of the year	**70,701,874**	54,305,393
Add: Net Profit / (Net Loss) for the current year	**3,793,065**	16,396,480
	74,494,939	70,701,873
Add : Deferred Tax surplus for earlier years	**–**	–
balance at the end of the year (B)	**74,494,939**	70,701,873
(A+B)	**130,784,481**	126,991,415

(Amount in ₹)

	As at 31st March, 2014		As at 31st March, 2013	
	Non-Current portion	Current maturities	Non-Current portion	Current maturities
NOTE 4 : LONG TERM BORROWINGS				
Term Loan				
from Religare Finvest Ltd. (secured)	**36,156,550**	**2,053,405**	38,161,270	2,458,303
Vehicles Loans (secured)	**694,189**	**902,878**	715,255	1,162,529
	36,850,739	**2,956,283**	38,876,525	3,620,832
Less:Amount disclosed under head "Other Current Liabilities" (Note No. 9)	**–**	**2,956,283**	–	3,620,832
	36,850,739	**–**	38,876,525	–

4.1 Term Loan of Rs.432.00 lacs and Rs.20.00 lacs from Religare Finvest Limited was taken during the financial year 2010-11. The loan of Rs.432.00 lacs carries interest @ 11.5% -14.5% p.a. and as per revised schedule repayable in 154 monthly installment from the due date of repayment viz. 1st Feb 2011. The loan of Rs.20.00 lacs carries a fixed rate of interest @ 17% p.a.and repayable in 36 monthly installment have been repaid and the last installment was made on 01.01.2014. The aforesaid loans are secured by immovable property belonging to the relatives of directors of the company and also guaranteed by the directors of the company and their associate concern.

4.2 Vehicle loans are secured against hypothecation of motor vehicles purchased thereunder which are repayable on different dates.

NOTE 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, 2014 are given as under:

A.	**Deferred Tax Liabilities**		
	a. Timing Difference in depreciable assets	**19,066,011**	17,723,500.00
	Total (A)	**19,066,011.00**	17,723,500.00
B.	**Deferred Tax Assets**		
	a. Unabsorbed depreciation & B/f Losses	**7,407,930**	8,206,270.00
	b. Expenses allowable in future	**2,918,447**	2,531,572.00
	Total (B)	**10,326,377.00**	10,737,842.00
	Net Deferred Tax Assets (A-B)	**8,739,634.00**	6,985,658.00

NOTE 6 : LONG TERM PROVISIONS

Provision for Employee Benefits		
Gratuity (funded)	**6,311,960**	5,350,888
	6,311,960	5,350,888

NOTE 7 : SHORT TERM BORROWINGS SECURED

From Banks		
Cash Credits	**46,804,356**	45,767,772
Buyers Credit in foreign currency	**20,402,200**	17,191,200
	67,206,556	62,958,972

7.1 Cash Credit facilities from banks together with interest and other charges thereon are secured by way of 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 and other unencumbered current assets of the company. The facility is also personally guaranteed by the directors of the Company. The same are repayable on demand and carries interest @ 3.25% over base rate on monthly rest. Buyers Credit is secured for import of machinery against non fund based facility from the bank and carries interest @ Libor plus 1.75% - 3.5% p.a.

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 8 : TRADE PAYABLE		
Due to Micro, Small & Medium Enterprises (Refer Note No.29)	–	–
Others	**26,706,321**	17,358,751
	26,706,321	17,358,751
NOTE 9 : OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowing		
Term Loan- Religare Finvest Ltd. (secured)	**2,053,405**	2,458,303
Vehicles Loans (secured)	**902,878**	1,162,529
Advance from Customers	**1,079,535**	1,622,748
Interest Accrued but not due	**566,372**	633,118
Creditors for Capital Goods	**4,921,194**	5,605,871
Statutory Dues Payable	**1,925,339**	1,455,122
Other payables	**9,155,822**	7,654,845
	20,604,545	20,592,536
NOTE 10 : SHORT TERM PROVISIONS		
Provsion for Taxation	**1,057,000**	–
Provision for Employee Benefits		
Leave Encashment	**749,071**	718,367
	1,806,071	718,367

NOTE 11 : FIXED ASSETS

(Amount in ₹)

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Balance as on 1st April 2013	Additions/	Deletion	Balance as on 31st March, 2014	Balance as on 1st April 2013	For the year	Adjustment on Disposals	Balance as on 31st March, 2014	Balance as on 31st March, 2014	Balance as on 31st March, 2013
Tangible Assets										
Land										
— Freehold	3,294,098	848,245	-	4,142,343	-	-	-	-	4,142,343	3,294,098
— Leasehold	1,689,567	-	-	1,689,567	-	-	-	-	1,689,567	1,689,567
Buildings	29,635,650	379,197	-	30,014,847	13,074,860	876,001	-	13,950,861	16,063,986	16,560,790
Plant & Machineries	267,761,890	10,137,815	-	277,899,705	118,096,413	13,793,400	-	131,889,813	146,009,892	149,665,477
Effluent Treatment Plant	52,915,414	359,347	-	53,274,761	22,308,729	2,797,677	-	25,106,406	28,168,355	30,606,685
R & D Laboratory Equipments	1,596,429	-	-	1,596,429	1,100,216	81,796	-	1,182,012	414,417	496,213
Furniture & Fixtures	1,615,876	195,750	-	1,811,626	1,211,308	94,458	-	1,305,766	505,860	404,568
Vehicles	11,146,803	2,442,364	22,851	13,566,316	3,964,522	1,078,971	22,851	5,020,642	8,545,674	7,182,281
Office Equipments	5,803,054	344,385	-	6,147,439	3,083,161	242,381	-	3,325,542	2,821,897	2,719,893
Factory Equipments	391,376	-	-	391,376	214,521	17,618	-	232,139	159,237	176,855
TOTAL	**375,850,157**	**14,707,103**	**22,851**	**390,534,409**	**163,053,730**	**18,982,302**	**22,851**	**182,013,181**	**208,521,228**	**212,796,427**
Previous Year	298,238,639	81,748,217	4,136,699	375,850,157	149,201,167	14,943,170	1,090,607	163,053,730	212,796,427	149,037,472
Capital Work in Progress									56,906,888	29,233,256

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 12 : LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	**36,050,000**	45,609,694
Security Deposits	**6,248,518**	5,665,018
Recoverable from Statutory Authorities	**767,867**	1,457,424
	43,066,385	52,732,136
NOTE 13 : OTHER NON-CURRENT ASSETS		
*Bank balance on deposit accounts	**138,369**	138,369
Accrued Interest but not due	**33,302**	18,624
	171,671	156,993
NOTE 14 : INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials & Components	**10,966,000**	21,787,435
Work-in-progress	**11,864,418**	11,640,556
Finished Goods	**6,451,121**	6,213,792
Stores & Spares	**6,151,891**	4,622,856
Others	**1,717,781**	5,464,659
	37,151,211	49,729,298
NOTE 15 : TRADE RECEIVABLES		
(Unsecured, considered good)		
Over six months from the due date	**6,624,989**	6,835,731
Others	**41,574,106**	25,192,146
	48,199,095	32,027,877
NOTE 16 : CASH AND CASH EQUIVALENTS		
Balances with Banks		
in Current Accounts	**8,267,927**	6,605,843
held as Margin Money	**2,195,305**	2,087,344
Cash on hand	**2,247,447**	1,995,514
	12,710,679	10,688,701
NOTE 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	**33,928,373**	35,408,020
Prepaid Expenses	**581,470**	557,703
Recoverable from Statutory Authorities	**6,529,052**	6,482,248
MAT Credit Entitlements	**1,057,000**	–
	42,095,895	42,447,971
NOTE 18: OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest Accrued on deposits	**187,255**	20,453
	187,255	20,453

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

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2012
NOTE 19: REVENUE FROM OPERATIONS		
Sale of Manufactured Goods		
Yeast	**506,257,475**	439,049,560
	506,257,475	439,049,560
NOTE 20: OTHER INCOME		
Interest Income		
– Bank Deposits	**191,073**	165,227
– Others	**339,869**	688,668
Claims Received	**285,495**	45,254
Misc. Receipts	**494,168**	262,668
Exchange Rate Fluctuation	**–**	13,166
Earlier Year Depreciation Adjustment	**–**	232,160
Profit on Sale of Assets	**2,000**	–
Liabilities no longer required W/back	**405,386**	2,255,475
	1,717,991	3,662,618
NOTE 21 : COST OF MATERIALS CONSUMED		
Raw Material Consumed		
Inventory at the beginning of the year	**21,787,435**	20,924,262
Add : Purchases	**230,840,367**	199,157,746
	252,627,802	220,082,008
Less: Inventory at the end of the year	**10,966,000**	21,787,435
Cost of Raw Material Consumed	**241,661,802**	198,294,573
Details of Raw Material Consumed		
Molasses	**166,764,558**	135,425,363
Others	**74,897,244**	62,869,210
	–	–
	241,661,802	198,294,573
NOTE 22 : PURCHASE OF STOCK-IN-TRADE		
Purchase of Trading Goods	**379,352**	77,621
	379,352	77,621

NOTE 23 : DECREASE /(INCREASE) IN INVENTORIES

Inventories at the end of the year				
Finished Goods	**6,451,121**		6,213,792	
Work-in-progress	**11,864,418**	**18,315,539**	11,640,556	17,854,348
Inventories at the beginning of the year				
Finished Goods	**6,213,792**		5,527,653	
Work-in-progress	**11,640,556**	**17,854,348**	5,426,44	10,954,098
Decrease /(Increase) in Inventories		**(461,191)**		(6,900,250)

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 24 : EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and others Allowances	**31,629,513**	27,633,772
Contribution to Provident & Other Funds	**3,690,014**	3,871,781
Staff Welfare Expenses	**1,742,976**	1,642,200
	37,062,503	33,147,753
NOTE 25 : FINANCE COST		
Interest on Working Capital	**6,248,287**	4,634,096
Other Interest	**5,747,438**	6,300,521
Bank Charges & Others	**696,937**	887,223
	12,692,662	11,821,840
NOTE 26 : OTHER EXPENSES		
Consumption of Stores & Spare Parts	**9,221,669**	10,068,646
Power & Fuel and Water Charges	**120,963,980**	98,809,581
R & D Expenses	**2,464,663**	1,759,163
Repairs & Maintenance		
Repairs & Maintenance - Building	**893,090**	1,072,038
Repairs & Maintenance - Plant & \Machinery	**8,284,529**	5,572,478
Security Expenses	**1,470,987**	1,359,718
Rent	**865,970**	842,409
Insurance	**769,435**	636,605
Rates,Fee & Taxes	**3,533,929**	3,486,051
Postage & Telephone	**1,452,044**	1,315,299
Printing & Stationary	**392,305**	452,002
Travelling & Conveyance	**3,870,985**	3,026,876
Legal & Professional Charges	**561,040**	1,704,278
Vehicle Running & Maintenance	**1,631,841**	1,641,991
Payment to Auditors (refer details below)	**204,180**	147,450
Membership, Subscription & Periodicals	**804,875**	356,703
Listing & Share Transfer Expenses	**86,680**	40,076
Tender, Registration & Filing Fees	**–**	–
Meeting Expenses	**83,535**	71,733
General Office Expenses	**1,231,301**	1,103,331
Misc. Expenses	**374,356**	381,506
Advertisement & Publicity Expenses	**82,211**	95,687
Selling Expenses	**373,084**	419,190
Handling, Forwarding & Transportation	**31,889,584**	32,138,786
Loss on Sale of Assets	**–**	899,782
Bad Debts/ Sundries Balances W/off	**604,722**	143,313
	192,110,995	167,544,692

(Amount in ₹)

PARTICULARS	As at 31st March, 2014	As at 31st March, 2013
NOTE 26.1: Payment to Auditors		
Statutory Audit Fee	**112,360**	78,652
Tax Audit Fee	**16,854**	16,854
Limited Review & Certification Fee	**67,416**	44,944
Out of Pocket Expenses	**7,550**	7,000
	204,180	147,450

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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

(a) Claims against the company towards listing fee for two (Previous Year three) stock exchanges not acknowledged as debt is Rs. 3.29 Lacs (Previous Year Rs. 4.80 Lacs) as company has sought delisting from these stock exchanges.

(b) Outstanding Bank Guarantees for Rs.43.42 lacs (Previous Year Rs.15.55 lacs)

(c) Demand of excise duty amounting to Rs. 2.52 Lacs (Previous Year Rs. 2.52 Lacs) due to non- allowability of certain expenses by the department. Against the appeal of the company, the Custom, Excise & Service Tax Appellate Tribunal (CESTAT) remanded the matter to original adjudicating authority to decide the said issue and the matter is pending before the appropriate authority.

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 Febraury, 2014. Any claims/amount receivable in this matter to the company from the Govt. of Bangladesh will be recognized in the books of accounts of the company on receiving of the same.

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

33. Defined Benefit Plan:

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

		Gratuity Funded	(₹ In lacs)
I.	**Reconciliation of opening and closing balance of Defined Benefit Obligations:**	**2013-14**	**2012-13**
	Present value of the obligation at the beginning of the period	**73.56**	60.14
	Interest cost	**6.62**	4.95
	Current service cost	**6.42**	5.97
	Benefits paid (if any)	**–**	(4.30)
	Actuarial (gain)/loss	**(0.50)**	6.80
	Present value of the obligation at the end of the period	**86.10**	73.56
II.	**Reconciliation of opening and closing balance of Fair Value of Planned Assets:**		
	Fair value of plan assets at the beginning of the period	**20.05**	21.63
	Expected return on plan assets	**1.38**	1.72
	Contributions	**1.55**	1.00
	Benefits paid	**–**	(4.30)
	Actuarial gain/(loss) on plan assets	**–**	–
	Fair Value of Plan Asset at the end of the Period	**22.98**	20.05
III.	**Reconciliation of fair value of assets and Obligations:**		
	Present value of the obligation at the end of the period	**86.10**	73.56
	Fair value of plan assets at end of period	**22.98**	20.05
	Net liability/(asset) recognized in Balance Sheet and related analysis	**63.12**	53.51
	Funded Status	**(63.12)**	(53.51)
IV:	**Expense recognized in the statement of Profit and Loss:**		
	Interest cost	**6.62**	4.95
	Current service cost	**6.42**	5.97
	Expected return on plan asset	**(1.38)**	(1.72)
	Net actuarial (gain) / loss recognized in the period	**(0.50)**	6.80
	Expenses to be recognized in the statement of profit and loss accounts	**11.16**	15.99

V: The assumptions employed for the calculations are tabulated:

Discount rate	9.00 % per annum	8.25 % per annum
Salary Growth Rate	8 % per annum	8 % per annum
Mortality	IALM 2006-08 Ultimate	LIC 94-96 Ultimate
Expected rate of return	6.75 % per annum	8 % 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	₹ 10 lacs	₹ 10 lacs

35. Related Party Disclosures (AS- 18):

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

(a) Key Managerial Personnel & their Relatives

- Mr. Moti Lal Kothari — Managing Director
- Mr. Pramod Kothari — Managing Director
- Mrs. Kavita Kothari — Whole - Time Director
- Ms. Khushboo Kothari

Note: 1. Mr. Pramod Kothari is son of Mr. Moti Lal Kothari.
2. Mrs. Kavita Kothari is wife of Mr. Pramod Kothari.
3. Ms. Kushboo Kothari is daughter of Mr. Pramod Kothari.
4. Mr. Moti Lal Kothari deceased on 03.09.2012.

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

- Chaudhry Bros,Traders and Builders Pvt. Ltd.
- Kothari Thermoplast Pvt. Ltd.

(b) Transaction with Related Parties (Rs. in Lacs)

Name of the Related Party	Nature of Transaction	Current Year 2013-14	Previous Year 2012-13
Chaudhry Bros.	Rent Paid	2.53	2.53
Traders and Builders Pvt. Ltd.	Loan/Advances Given	97.38	96.60
	Loan/ Adv. Recov. back	97.38	96.60
	Loan Received	2.00	2.65
	Loan Paid Back	2.00	2.65
Kothari Thermoplast Pvt. Ltd.	Loan/Advances Given	–	85.50
	Loan/Adv. Received Back	–	85.50
Mr. Moti Lal Kothari	Directors' Remuneration	–	1.50
Mr. Pramod Kothari	Directors' Remuneration	9.00	4.50
	Loan Received	17.00	–
	Loan Paid Back	17.00	–
Mrs. Kavita Kothari	Directors' Remuneration	7.20	–
Ms. Khushboo Kothari	Salary	0.90	–

Note:

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

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

35. Earning per share (EPS) (AS –20)	**2013-14**	**2012-13**
(a) Number of Equity Shares of ₹ 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 ₹)	**3793066**	1639648
(c) Basic EPS (in ₹) per share	**0.25**	1.09
(d) Diluted EPS (in ₹) per share	**0.25**	1.09

36. Additional Information:	**2013-14**	**(₹ in Lacs) 2012-13**
A) Value of Raw Materials and Stores and spares Consumed		
Raw Material Consumed:		
Indigenous	**2368.80**	1961.64
Imported	**47.82**	21.31
Stores and Spares Consumed:		
Indigenous	**92.22**	100.69
Imported	**NIL**	NIL
B) C.I.F. Value of Imports		
Capital Goods	**NIL**	NIL
Raw Materials	**47.82**	21.31
C) Earning in Foreign Currency	**NIL**	NIL
D) Expenditure in Foreign Currency		
Interest on buyers' Credit	**3.84**	5.11
Professional Charges	**NIL**	12.79
Travelling and other matter	**12.27**	3.25

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

ANIL K. JAIN
Partner
M. No. : 093912

Place : New Delhi
Dated : 30th May, 2014

For and on behalf of the board

PRAMOD KUMAR KOTHARI
Managing Director
(DIN - 00086145)

PRASANNA KUMAR PAGARIA
Director
(DIN - 00162904)

KAPIL DEV PURI
Director
(DIN - 00278929)

ISHA GUPTA
Company Secretary

KOTHARI FERMENTATION AND 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

24th Annual General Meeting - 29th September, 2014

Name of the member(s) :

Registered address:

Email Id:

Folio No./DP ID- Client ID:

I / We, being the member(s) of _____ 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 24th Annual General Meeting of the Company to be held on Monday, September 29, 2014 at 10:000 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, 2014		
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	Appointment of Mr. Kapil Dev Puri as Independent Director for 5 years		
5	Appointment of Mr. Prasanna Pagaria as Independent Director for 5 years		
6	Appointment of Mr. Ratan Lal Dudheria as Independent Director for 5 years		
7	Authorisation to Board of Directors for borrowing to an amount not exceeding Rs. 20 Crores over and above the paidup share capital in prereserves		
8	Authorisation to Board of Directors to create mortgage/charges/ hypothecation in favor of lenders up to the amount approved by the shareholders		
9	Ratification of remuneration of the Cost Auditor as recommended by the Audit Committee & approved by the Board		
10	To approve and adopt new Articles of Association of the Company.		

Signed this ..... day of ..... 2014.

Affix Revenue Stamp Not less than Re 0.15

..... **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 24th 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.

KOTHARI FERMENTATION AND BIOCHEM LIMITED

(CIN: L72411DL1990PLC042502)

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

Tel: 011-26850004, Fax: 011-41664840, E-mail: kfbl@airtelmail.in, Website: www.kothariyeast.in

24th Annual General Meeting - 29th September, 2014

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 24th 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 Monday, September 29, 2014 at 10.00 A.M.

..... **Name of the Member / Proxy (in BLOCK letters)**

..... **Signature of the Member /Proxy**

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall.
2. Electronic copy of the Annual Report for the financial period ended on 31.03.2014 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for the financial period ended on 31.03.2014 and Notice of Annual General Meeting alongwith 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.