



ANNUAL REPORT 2023-24

KOTHARI FERMENTATION AND BIOCHEM LIMITED



KOTHARI FERMENTATION AND BIOCHEM LIMITED

(CIN: L72411DL1990PLC042502)

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

Tel: 011-40590944, **Email:** info@kothariyeast.in

Website: www.kothariyeast.in

BOARD OF DIRECTORS

Pramod Kumar Kothari	Chairman and Managing Director
Kavita Devi Kothari	Whole-Time Director
Siddhant Kothari	Whole-Time Director
Hemendra Patsingh Dugar	Non- executive Independent Director
*Prasanna Kumar Pagaria	Non- executive Independent Director
Piyush Kumar Goel	Non- executive Independent Director
*Rajiv Agarwal	Non- executive Independent Director

* Dr. Rajiv Agarwal was appointed as the Non-executive Independent Director of the Company w.e.f. 28th August 2023.

*Mr. Prasanna Kumar Pagaria ceased to be the Independent Director of the Company w.e.f. 28th August 2023.

COMPANY SECRETARY & COMPLIANCE OFFICER

Silky Gupta

CHIEF FINANCIAL OFFICER

Arun Kumar Sekhani

BANKERS

Kotak Mahindra Bank Limited

AUDITORS

KOTHARI KULDEEP & Co.

Chartered Accountants

New Delhi

REGISTERED OFFICE

16, Community Centre, First Floor,
Saket, New Delhi-110017

FACTORY

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

SHARE TRANSFER AGENT

Abhipra Capital Limited

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

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NOTICE OF THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY-FOURTH ANNUAL GENERAL MEETING of the members of "KOTHARI FERMENTATION AND BIOCHEM LIMITED" will be held on Monday, **the 30th day of September, 2024** at 11:30 A.M. through Video Conferencing ("VC") and Other Audio Visual Means ("OAVM") at the Registered Office of the Company situated at 16, Community Centre, First Floor, Saket, New Delhi-110017, to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended on 31st March, 2024, and the Reports of Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mrs. Kavita Devi Kothari (DIN: 00120415), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for reappointment.

AS SPECIAL BUSINESS

3. To re-appoint Mr. Piyush Kumar Goel (DIN: 08539042) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV of the Act, including any statutory modification or re-enactment thereof for the time being in force, and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, Mr. Piyush Kumar Goel (DIN: 08539042), and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and based on the recommendation of the Nomination & Remuneration Committee and approval by the Board of Directors of the Company, is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing September 27, 2024 upto September 26, 2029 (both days inclusive).

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, things, matters and to execute all such documents as may be necessary in this regard."

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Sd/-
Pramod Kumar Kothari
Chairman and Managing Director

Date: 13.08.2024
Place: New Delhi

Regd. Office:

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

NOTES

1. Ministry of Corporate Affairs (MCA) vide its General Circular No. 09/2023 dated 25.09.2023 and SEBI vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 07.10.2023 has extended the facility of holding AGM by VC/OAVM for the financial year 2023-24 up to 30.09.2024. Members can attend and participate in the ensuing AGM through VC/ OAVM. In compliance with the provisions of the Companies Act, 2013 ("Act") read with rules/circulars issued thereunder and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circulars issued thereunder, the Annual General Meeting ("AGM") of the Company can be held through Video Conference ("VC"), without the physical presence of the shareholders at a common venue. The registered office of the Company shall be deemed to be the venue of meeting for the purpose of recording of the minutes of the proceedings of the 34th AGM.
2. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the business with respect to Item No. 3 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and Secretarial Standard - 2 on General Meetings, issued by The Institute of Company Secretaries of



- India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as Annexure to this Notice.
3. In compliance with the provisions of the Act, SEBI Listing Regulations and Secretarial Standards on General Meeting and MCA Circulars, the 34th Annual General Meeting of the Company is being held through VC/ OAVM on Monday, September 30, 2024, at 11.30 a.m. (IST). The proceedings of the AGM are deemed to be conducted at the Registered Office of the Company. The recorded transcripts of the forth coming AGM shall also be made available on the website of the Company www.kothariyeast.in in the investor section as soon as after the meeting is over.
 4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. Pursuant to Regulation 44(6) of SEBI Listing Regulations, the Company is also providing a live webcast of the proceedings of the AGM. The Members will be able to view the proceedings on National Securities Depository Limited's ('NSDL') e-voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
 5. In terms of the aforesaid circulars, since the physical attendance of members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under section 105 of the Act will not be available for the 34th AGM. Hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
 6. Corporates/Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility. Corporate Members/Institutional Investors (i.e. other than individuals, HUFs, NRIs etc.) who are intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC or OAVM and to vote through remote e-voting are requested to send a certified copy of the Board Resolution of their Company to the Scrutinizer by e-mail at csdeepikajain1012@gmail.com with a copy marked to e-voting@nsdl.com and secretarial@kothariyeast.in. Corporate Members/ Institutional Investors (i.e. other than individuals, HUFs, NRIs etc.) can also upload their Board Resolution/ Power of Attorney/Authority Letter etc. by clicking on the "Upload Board Resolution/Authority Letter" displayed under the "e-voting" tab in their login.
 7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020, May 05, 2022, December 28, 2022 and September 25, 2023, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) to facilitate voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
 8. In line with the above circulars issued by MCA, the electronic copy of the Notice of the 34th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes. The Notice calling the AGM has also been uploaded on the website of the Company at www.kothariyeast.in, as part of the Annual Report for financial year 2023-24. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Ltd at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.nsdl.co.in.
 9. The Company is providing facility for voting through electronic means before the date of AGM (Remote e-voting) as prescribed by the Companies (Management and Administration) Rules, 2014 and voting through electronic means during the AGM (E-Poll) available for such Members who are attending the Meeting and have not already cast their vote(s) by Remote e-voting. Information and instructions including details of User ID and password relating to e-voting are provided in the Notice separately.
 10. The Board of Directors has appointed Ms. Deepika Jain, Practicing Company Secretary (COP No. 25689) as the Scrutinizer to scrutinize the remote e-voting process before the AGM as well as the e-voting process during the AGM fairly and transparently.
 11. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through e-voting (i.e. votes cast during the AGM and votes cast through remote e-voting) and will submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any other person authorized by him in writing, who shall countersign the same. The results will be announced not later than 2 working days from the conclusion of the AGM. The result declared along with the Scrutinizer's Report shall be forwarded to BSE Limited where the shares of the Company are listed. The results along with the Scrutinizer's Report shall also be placed on the website of NSDL, and will also be displayed on the Company's website at www.kothariyeast.in.
 12. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.



13. In accordance with the circular no. SEBI/ HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 issued by Securities Exchange Board of India (collectively referred to as "SEBI Circulars"), the Notice of the AGM along with the Annual Report for FY 2023-24 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Company shall send the physical copy of Annual Report FY 2023-24 to those Members who request the same at secretarial@kothariyeast.in mentioning their Folio No./DP ID and Client ID.
14. SEBI vide Circular Nos. SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/131 dated July 31, 2023, and SEBI/HO/OIAE/ OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023, read with Master Circular No. SEBI/HO/ OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>) and the same can also be accessed through the Company's website <https://www.kothariyeast.in/investors>.
15. In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Further, SEBI had fixed March 31, 2021, as the cut-off date for the re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in dematerialized mode.
16. The requests for effecting transmission/transposition of securities shall also be processed in the dematerialized form. In order to eliminate all risks associated with physical shares and avail various benefits of dematerialization, the members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrar and Transfer Agent, Abhipra Capital Limited ("Registrar" or "RTA") at rt@abhipra.com for assistance in this regard.
17. Members may please note that SEBI vide its Circular No. SEBI/ MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue shares only in dematerialization form while processing investor service requests pertaining to issue of duplicate share certificate, claim from Unclaimed Suspense Account, renewal/ exchange of share certificate, endorsement, sub-division/ splitting/consolidation of share certificates, transmission, transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the website of the Company's RTA, Abhipra Capital Limited at <https://www.abhipra.com/>. It may be noted that any service request received by member can be processed by RTA/the Company only after the folio is KYC Compliant.
18. As per the provisions of Section 72 of the Act, the facility for making a nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nominations are requested to register the same by submitting Form No. SH- 13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form No. SH-14. Members who are either not desiring to register for Nomination or would want to opt-out, are requested to fill out and submit Form No. ISR-3. The said forms can be downloaded from the RTA's website at <https://www.abhipra.com/> in Resources Downloads KYC Formats for KYC. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the share are held in physical form, quoting their folio no.
19. SEBI vide applicable provisions of its circular dated, November 03, 2021, December 14, 2021, March 16, 2023 and June 10, 2024 has mandated shareholders holding securities in physical form to register/ change /update KYC/ Nomination details by furnishing PAN, Contact details (Address with PIN, Mobile number and Email address), Bank account details (bank name, branch name, account number and IFS code) and Specimen signature before they could avail any investor service. The members are requested to submit the duly filled signed Form ISR-1 for Registering of / Change in / Up-dation in the KYC/Nomination details, by e-mail from their registered e-mail address to secretarial@kothariyeast.in and rt@abhipra.com or by submitting a physical copy thereof to the RTA, Abhipra Capital Limited, Ground Floor- Abhipra Complex, Dilkhush Industrial Area, A-384, G.T. Karnal Road, Azadpur, Delhi-110033. A specific notice dated 20.05.2023 was also sent to all shareholders holding shares in physical form to this effect. Such notice is available on Company's website also at <https://www.kothariyeast.in/investor-files/notice-to-shareholders>.
20. In case shares are held in dematerialised form, the members are requested to submit all requests for Registration of / Change in / Up-dation in the KYC/Nomination details, by their registered e-mail address to their Depository Participants.
21. The Register of Member and Share Transfer Books will remain closed from Tuesday, 24th September, 2024 to Monday, 30th September, 2024 (both days inclusive) for the purpose of Annual General Meeting.
22. During the AGM, members may access the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection on the website of the Company i.e. www.kothariyeast.in.
23. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates and self-attested copies of the PAN card of the holders for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making the requisite changes. The consolidation will be processed in demat form.



24. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or unfortunate demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statements of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
25. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM, are requested to write to the Company on or before September 20, 2024 through e-mail on secretarial@kothariyeast.in. The same will be replied by the Company suitably. Members who would like to express their views/ ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN, and mobile number at secretarial@kothariyeast.in on or before September 20, 2024 (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker on the dedicated email id will be allowed to express their views/ask questions during the AGM.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-

The remote e-voting period begins on, 27th September, 2024, at 9:00 A.M. and ends on 29th September, 2024, at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 24th September, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 24th September, 2024.

The details of the process and manner for remote e-voting are explained herein below: Process to vote electronically using NSDL e-Voting system:





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing NSDL IDeAS facility user can visit the e-Services website of NSDL Viz.https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e.NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeASe-services, the option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under Shareholder/Member section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you cansee e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="font-size: small;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;">   </div>



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at the above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders,(other than Individual shareholders) holding securities in demat mode and shareholders holding securities in physical mode.

<p>How to Log-in to NSDL e-Voting website?</p> <ol style="list-style-type: none"> Visit the e-Voting website of NSDL. Open web browser by typing the following URL:https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. <p>Alternatively, if you are registered for NSDL services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.</p>



4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b. Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.



General Guidelines for Shareholders

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager of NSDL at pallavid@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), and AADHAR (self attested scanned copy of Aadhar Card) by email to info@kothariyeast.in and rt@abhipra.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to info@kothariyeast.in and rt@abhipra.com. If you are Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further members will be required to allow Camera and use internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



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

ITEM NO. 3

Mr. Piyush Kumar Goel was appointed as Independent Director on the Board of the Company pursuant to the provisions of section 149 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") for a period of 5 years from 27th September, 2019 upto 26th September, 2024. The Nomination and Remuneration Committee of the Board, on the basis of the report of performance evaluation of Mr. Piyush Kumar Goel, which was satisfactory, has recommended the re-appointment of Mr. Piyush Kumar Goel as an Independent Director for a second term of five (5) years on the Board of the Company with effect from 27th September, 2024 upto 26th September, 2029. The Board is of the view that the continued association of Mr. Piyush Kumar Goel would benefit the Company, given his knowledge, experience, performance and contribution to Board processes. Mr. Piyush Kumar Goel is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has also received a declaration from Mr. Piyush Kumar Goel that he meets the criteria of Independence prescribed under Section 149(6) of the Act read with the Rules and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mr. Piyush Kumar Goel fulfils the conditions specified in the Act, the Rules made thereunder and the Listing Regulations for re-appointment as Independent Director and that he is independent of the management of the Company. A copy of draft letter of re-appointment of Mr. Piyush Kumar Goel, setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company. Mr. Piyush Kumar Goel is interested in the Special Resolution set out at Item No. 3 with respect to his re-appointment. The Board commends the Special Resolution set out at Item No. 3 of the Notice for approval by the members. Disclosures required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 are annexed to this Notice.

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

(Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 issued by ICSI.

1. Mrs. Kavita Devi Kothari (DIN: 00120415)

Mrs. Kavita Devi Kothari is presently the Whole Time Director of the Company. She 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 her appointment. Mrs. Kothari aged about 56 years is a Graduate and has a considerable experience of Finance and Marketing functions. Her strong entrepreneurial skills, as also an undying commitment and belief in her abilities, have been instrumental in bringing Company to its present position.

She holds 7,30,800 Equity Shares of face value of Rs.10/- each, constituting around 4.87% of the total paid-up share capital of the Company. Her appointment is liable to retire by rotation and her reappointment would not constitute a break in her tenure as Whole Time Director of the Company.

She is also a Director in Kothari Thermoplast Private Limited and Chaudhry Brothers Traders and Builders Private Limited but does not hold membership of any committees of the Board of such other Companies.

She is the Wife of Mr. Pramod Kumar Kothari, Chairman & Managing Director of the Company and mother of Mr. Siddhant Kothari, Whole-Time Director of the Company and not related to any other Director / Key Managerial Personnel of the Company.

2. Mr. Piyush Kumar Goel (DIN: 08539042)

Mr. Piyush Kumar Goel is a Non-Executive Independent Director and was first appointed on Board of Kothari Fermentation and Biochem Limited on 27.09.2019. Mr. Piyush Kumar Goel is a BSC and Law graduate around 44 years of age and successfully running his law practice since 2002. He is a Direct and Indirect Taxes consultant. He is having vast experience in the field of Taxation. He is a member of the Audit Committee and the Nomination & Remuneration Committee of the Company. He does not have inter-se relationship with any other Director and Key Managerial Personnel of the Company.

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Sd/-
Pramod Kumar Kothari
Chairman and Managing Director

Date: 13.08.2024
Place: New Delhi

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



DIRECTORS' REPORT

TO THE MEMBERS OF

Your directors are pleased to present the 34th Annual Report together with the Audited Accounts for the year ended on 31st March 2024:

1. FINANCIAL RESULTS

	(Rs. In lacs)	
	2023-2024	2022-2023
Turnover	10888.09	11027.46
Profit before Finance Charges & Depreciation (PBDIT)	519.13	900.95
Finance Charges	349.59	291.00
Depreciation	562.07	581.10
Profit/Loss before Tax (PBT)	(392.53)	28.85
Taxes:		
Current Tax	-	6.93
Deferred Tax	98.62	2.75
Net Profit/ (Loss) after Tax (PAT)	(491.15)	19.17

2. BUSINESS OPERATIONS

During the year under review, your Company achieved production of 15654 MT as compared to 16835 MT in the previous year. The turnover of the Company was Rs. 10888.09 Lakhs during the year 2023-24 and Rs.11027.46 Lakhs during previous year recorded a marginal reduction in turnover by 1.26%. However, there was net loss of Rs. 392.53 lakhs during the year 2023-24 due to market conditions and higher material cost.

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

3. DIVIDEND

Your Directors do not recommend any dividend during the year under review.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Article of Association of the Company and pursuant to Section 152(6) of Companies Act, 2013 not less than two-thirds of the total number of directors (excluding Independent Director) shall be persons whose period of office is liable to determination by retirement of directors by rotation and one-third of such of the directors for the time being are liable to retire by rotation at every Annual General Meeting of the Company. Thus, Mrs. Kavita Devi Kothari (DIN: 00120415) Whole-Time Director of the Company retire by rotation on the forthcoming AGM, and being eligible, offers herself for reappointment. However, such determination of office by retirement and then re-appointment would not constitute a break in her tenure of service as the Whole-Time Director of the Company.

Mr. Piyush Kumar Goel was appointed as an Independent Directors on the Board of the Company pursuant to the provisions of section 149 of the Act read with Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 5 years from 27th September, 2019 upto 26th September, 2024. The Nomination and Remuneration Committee of the Board, on the basis of the report of performance evaluation of Mr. Piyush Kumar Goel, which was satisfactory, has recommended the re-appointment of Mr. Piyush Kumar Goel as Independent Director for a second term of five (5) years on the Board of the Company with effect from 27th September, 2024 upto 26th September, 2029. The Board is of the view that the continued association of Mr. Piyush Kumar Goel would benefit the Company, given his knowledge, experience, performance and contribution to Board processes. The resolution pertaining to re-appointment of Mr. Piyush Kumar Goel as Independent Director is set out in Item no. 03 of the Notice of the 34th Annual General Meeting.

Brief resumes of Mrs. Kavita Devi Kothari and Mr. Piyush Kumar Goel, nature of their expertise in specific functional areas, and the name of the companies in which they hold the Directorship, as stipulated under SEBI (LODR) Regulations, are given in the notice convening the Annual General Meeting. The Board recommends their appointment as such.

The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable.

5. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and the reviews performed by the Board and its committees, the Board is of the opinion that the company's internal financial controls were adequate and effective during the financial year 2023-24.



6. DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) under the historical cost convention on an accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Act and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2023-24, and of the profit and loss of the Company;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis;
- v. that the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- vi. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. CREDIT RATING

Your company's domestic credit rating by CRISIL is "CRISIL BB /Stable"(Downgraded from "CRISIL BB+/Stable") for long-term debt facilities and 'CRISIL A4+' (Reaffirmed) for the short-term debt facilities.

8. CERTIFICATIONS

Your company has been certified as ISO 22000:2018 on 12.12.2023 for its quality management systems employed at every level of the organization.

9. AUDITORS AND AUDITOR'S REPORT

A) Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, the shareholders have appointed M/s Kothari Kuldeep and Co., Chartered Accountants as Statutory Auditor of the Company for a term of five years from the conclusion of the 32nd Annual General Meeting till the conclusion of 37th Annual General Meeting of the Company to be held in the year 2027.

The notes on accounts are self-explanatory with regard to auditors' observations. There was no qualification, reservation or adverse remark made by the Auditors for the year under review.

B) Secretarial Auditors and Secretarial Standards

The Board had appointed M/s Priyanka Saxena & Associates, Practicing Company Secretaries, as Secretarial Auditor to conduct the secretarial audit of the company for the financial year 2023-24, pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor forms part of the Board's Report as **Annexure 'A'**. During the Year, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

There was no qualification, reservation or adverse remark made by the Secretarial Auditors for the year under review.

10. CORPORATE GOVERNANCE

The Company is complying with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable with regard to Corporate Governance, and reports to that effect are being regularly filed with the Stock Exchanges. A report on Corporate Governance practices and the Certificate from the Auditors on compliance of the mandatory requirements thereof are made a part of the Annual report.

11. CSR COMMITTEE

In pursuance of Subsection (1) of Section 135 of the Companies Act, 2013, a Company is required to constitute a CSR Committee in case the net worth of the Company is Rs. 500 crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the immediately preceding financial year. Since, our Company did not exceed the threshold in the financial year 2023-24; therefore, the CSR provisions are not applicable to the Company in the current year.



12. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the Year under review, as stipulated under regulation 34(2)(e) of Listing Regulations is presented in a separate section forming part of the Annual Report.

13. VIGIL MECHANISM

A comprehensive Vigil mechanism/Whistle Blower Policy has already been adopted by the Company which provides adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of employees. The policy as approved by the Board is uploaded on the Company's website at <https://www.kothariyeast.in/investor-files/vigil-mechanism>.

14. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has a policy on prohibition, prevention and redressal of sexual harassment of women at workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

The Company has complied with provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. No Complaint was filed during the financial year 2023-2024.

15. RISK MANAGEMENT POLICY OF THE COMPANY

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

16. REMUNERATION POLICY AND BOARD EVALUATION

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

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

17. DISCLOSURES

a) Number of Board & Committee Meetings:

During the year under review, Seven Board meetings, Four Audit Committee meetings, Four Stakeholders Relationship Committee meetings and Three Nomination & Remuneration Committee meetings were convened and held. Further details are mentioned in Corporate Governance Report.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on 14.02.2024.

b) Deposits – The Company has not accepted any deposit from public during the year under review.

c) Share Capital - There was no change in the Company's share capital during the year under review.

d) Audit Committee – The Company has duly constituted an Audit Committee, whose detailed composition and powers are provided in the Corporate Governance Report. There were no recommendations of the Audit Committee which have not been accepted by the Board during the financial year.

e) Annual Return - Pursuant to Section 92(3) of the Act, as amended, draft annual return in Form MGT-7 is placed on the website of the Company at <https://www.kothariyeast.in/investor-files/annual-return>.

f) Disclosure pertaining to Managerial Remuneration - Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **Annexure 'B'**.

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

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

h) Particulars of Loans, Guarantees or Investments under Section 186 – There is no Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 given by the Company.



- i) **Cost Account and Records**- Maintenance of cost records as specified by the central government under sub section (1) of section 148 of the Companies Act, 2013, is not applicable to Company and accordingly such accounts and records are not prepared. However, the cost records for internal control and Strategic Management purposes are prepared by the Company.
- j) **Significant and Material Orders Passed by the Regulators or Courts** – No significant or material orders were passed by the Regulators or Courts or Tribunals during the year which impact the going concern status and Company's operation in future.
- k) **Internal Financial Controls** - The Company has in place adequate internal financial controls with reference to financial statements. During the Year, such controls were tested and no reportable material weakness in the design or operation was observed.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 'C'** and is attached to this report.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

**Place: New Delhi
Date: 13.08.2024**

**Pramod Kumar Kothari
Chairman & Managing Director**



**'ANNEXURE A'
FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2024**

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

To,
The Members,
M/s KOTHARI FERMENTATION AND BIOCHEM LIMITED
CIN: L72411DL1990PLC042502
16, COMMUNITY CENTRE, FIRST FLOOR
SAKET, NEW DELHI 110017

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

Based on our verification of the **M/s KOTHARI FERMENTATION AND BIOCHEM LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2024**, complied with the statutory provisions listed hereunder, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

PARA ONE

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s KOTHARI FERMENTATION AND BIOCHEM LIMITED** ("the Company") for the financial year ended on **31st March, 2024** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not applicable**)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(since repealed) and SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021; (**Not applicable**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (since repealed) and SEBI (Issue and Listing of Non-convertible Securities), 2021; (**Not applicable**)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not applicable**)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable**) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not applicable**)
- (vi) We have relied on the representation made by the company and its officers for systems and mechanisms formed by the company for compliances under other Acts, Laws and regulations as applicable specifically to the company.

PARA SECOND

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

- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (ii) Secretarial Standards issued by The Institute of Company Secretaries of India, with respect to board and general meetings.
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent they were applicable.

**WE FURTHER REPORT THAT**

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. There was change in the composition of the Board of directors of the company during the period of review as under:

- (i) Mr. Prasanna Kumar Pagaria has retired as Independent Director w.e.f. 28.08.2023.
- (j) Mr. Rajiv Agarwal has appointed as Independent Director w.e.f. 28.08.2023.

Adequate notice was given to all directors to schedule the Board Meetings at seven days in advance.

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

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

We further report that during the audit period there was no specific event/action which has a major bearing on the affairs of the company in pursuance of above referred laws, rules, regulations, guidelines, standards .

For PRIYANKA SAXENA & ASSOCIATES
Company Secretaries

Priyanka Saxena
(Proprietor)
Mem. No. 8959
CP. No. 10439
PR No. : 3307/2023
UDIN: F008959F000983273

Place: New Delhi
Date: 13.08.2024

Note : This report is to be read with our letter which is annexed as '**ANNEXURE A**' and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
M/s KOTHARI FERMENTATION AND BIOCHEM LIMITED
CIN: L72411DL1990PLC042502
16, COMMUNITY CENTRE, FIRST FLOOR
SAKET, NEW DELHI 110017

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For PRIYANKA SAXENA & ASSOCIATES
Company Secretaries

Priyanka Saxena
(Proprietor)
Mem. No. 8959
CP. No. 10439
PR No. : 3307/2023
UDIN: F008959F000983273

Place: New Delhi
Date: 13.08.2024



ANNEXURE – B

PARTICULARS OF REMUNERATION

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

- a) No remuneration is paid to Non-Executive Directors. The Ratio of the Remuneration to the median remuneration of the Employees of the Company for the financial year was 11.30 in respect of Mr. Pramod Kumar Kothari, 10.59 in respect of Mrs. Kavita Devi Kothari and 2.99 in respect of Mr. Siddhant Kothari.
- b) There was an increase in remuneration paid to Mr. Siddhant Kothari as per the terms and conditions of their appointment as approved by shareholders in the General Meeting.
- c) The percentage increase in the median remuneration of employees in the financial year: 7.42 %.
- d) The number of permanent employees on the rolls of the Company as on 31.03.2024 is 199.
- e) Average percentile increase made in the salaries of employees other than managerial personnel in the last financial year and its comparison with percentile increase in Managerial Remuneration: The average increase in salaries of employees in 2023-24 was 8.02 % and the increase in managerial remuneration for the year was 1.15%. The remuneration paid to the Directors was low in comparison to the Managerial Remuneration paid to the Directors of other companies of the same size and turnover.

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

ANNEXURE – C

INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2024

(I) CONSERVATION OF ENERGY, POWER AND FUEL CONSUMPTION

S. No.	Particulars	For the Year ended on 31 st March, 2024	For the Year ended on 31 st March, 2023
1)	Electricity		
	a) Units Consumed	19172651	20308050
	b) Total Amount (Rs. in Lacs)	1378.86	1531.24
	c) Average Rate/Unit Rs.	7.19	7.54
2)	HSD		
	a) Quantity (Litres)	66100	67000
	b) Total Amount (Rs. in Lacs)	59.74	60.81
	c) Average Rate/Litre (Rs.)	90.38	90.76
3)	Husk		
	a) Quantity (MT)	15959	10589
	b) Total Amount (Rs. in Lacs)	978.43	616.95
	c) Average Rate/MT (Rs.)	6130.90	5826.33

(II) TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT

Through continuous Research and Development efforts, the Company has been able to maintain the quality of yeast products as compared with its competitor multinational companies. The Company is constantly upgrading its technology by R&D to help in the overall development of the company.



Expenditure on Research & Development

S. No.	Particulars	For the Year ended on 31 st March, 2024	For the Year ended on 31 st March, 2023
a)	Capital (Rs. in lacs)	-	-
b)	Recurring (Rs. in lacs)	66.16	34.87
c)	Total (Rs. in lacs)	66.16	34.87
d)	Total R & D expenditure as percentage of turnover of Manufacturing activity	0.61	0.32

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

S. No.	Particulars	For the Year ended on 31 st March, 2024	For the Year ended on 31 st March, 2023
a)	Foreign exchange earnings (Rs.in lacs)	102.55	-
b)	Foreign exchange outgo (Rs.in lacs)	86.86	54.92



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Kothari Fermentation And Biochem Ltd. is pleased to present its 22nd Analysis Report covering its overall performance and outlook.

Your Company is one of the largest manufacturers of Yeast and its derivatives. We manufacture various types of Yeast, e.g. Baker's Yeast, Nutritional Yeast, Feed Yeast, Seasoning Yeast, Distiller Yeast, and Bio-ethanol Yeast. Yeast is used in various end-use applications in the food, Distillery, Feed, Pharmaceuticals, and other Biotechnology sectors.

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Market

The global yeast market size reached US\$ 7.3 Billion in 2023. Looking forward, it is expected to reach US\$ 13.6 Billion by 2032, exhibiting a growth rate (CAGR) of 6.9% during 2024-2032. The rising consumption of baked goods and convenience food products, innovations, and advancements in plant-based food solutions are some of the factors propelling the market growth.

The key factors driving the market are Increasing Demand from the Food and Beverage Industry, Growing Awareness of Health Benefits, Technological Advancements in Yeast Production, Rising Demand for Biofuels, Expansion of Industrial Applications and Geographical Expansion, and Increasing Investments.

North America, Europe, Asia Pacific, Middle East & Africa, and South & Central America are major consumer markets of Yeast and its variants. (source: <https://www.imarcgroup.com/yeast-market>)

Indian Market

The F&B Industry generates 3% of India's GDP and around 2/3rd of the total retail market in India. Indian Food and Beverages Market size is expected to reach nearly US\$ 504.92 Bn by 2027 with a CAGR of 11.05%. More than 7.3 million people in India rely on the F&B sector for their income. This makes F&B industry the single-largest employer in the country. F&B also acts as an engine for several other sectors of the economy including transportation, retail, hospitality services, and agriculture. (Source: ciril.in)

Outlook

Despite global challenges, India's economic activity has remained robust due to a favorable domestic policy environment and the Government's continued emphasis on structural reforms, stabilizing inflation, narrowing the current account deficit, improving consumer sentiments and a favorable policy environment are likely to aid the Indian economy. Moreover, government initiatives like Atmanirbhar Bharat, PM Gati Shakti and the Production-linked Incentive (PLI) scheme would contribute to economic growth by increasing local output. A combination of rising disposable income, easy access to credit, and lowering interest rates in the wake of a stabilizing inflation trajectory will bode well for economic growth going forward.

OPPORTUNITIES AND THREATS

Opportunities

The potential for expansion of the yeast market in India is very high with the country's consumption of processed food. The yeast market is experiencing substantial growth due to the expanding food and beverage industry.

The increasing trend of processed and fast food habits impacts the growth of the yeast market. India is presently one of the most promising markets for yeast, as its demand is continuously increasing with the rise in population and changing their eating habits to processed foods. We aspire to be leading player in the industry, by expanding our play in existing categories and always working towards improvements and updating in terms of technology.

Threats

The India yeast ingredients market faces several noteworthy challenges. One significant challenge is the fluctuation in prices of yeast ingredients in the market, which can be influenced by factors like climate conditions and supply disruptions. This can lead to uncertainties in production costs and supply chain management for manufacturers. Furthermore, consumer awareness of dietary restrictions and preferences, such as gluten-free diets, can limit the market potential for yeast based products.

As one of the largest cane sugar producer country, India has sufficient supply of cane molasses which is the main raw material for yeast industry. However, the molasses is now also used for production of ethanol, which is being mixed with petrol, this has increased the prices of molasses tremendously and has dented the profitability of your company to large extent. The molasses prices are dependent on agro-climatic condition and Government's decision to increase ethanol blending.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

This sector has recorded significant input cost inflation with the increase in commodity costs impacting overall demand trends in the market.

We are focused on manufacturing upgraded quality yeast, and researching new variants and technologies for manufacturing yeast products needed for Distilleries, Feed, Food, Biotech, and Pharmaceutical Industries. We are facing competition from new market players investing in this business segment. However, the new companies entering the segment are also facing challenges in meeting consumer demand due to the lack of experience.

PRODUCT WISE PERFORMANCE

The Company has only one segment and is engaged in Yeast manufacturing. The brand names – Kothari “SUNRISE”, “KF”, “SUPER FAST INSTANT YEAST”, “ALCOMAX DISTILLER'S INSTANT YEAST” and “FOUR SEASONS” have been well-established in the domestic market. Your Company is also supplying instant yeast to leading import houses in India in their own brands.

The company is expanding its horizon by entering into business collaborations with foreign partner to produce Yeast Based Protein titled as ProteVin. A new manufacturing facility has been set up at its Sikandrabad Plant for production of ProteVin. The Company is expecting to benefit from this collaboration in the long run by enhancing our presence in the domestic and as well as in International market.

OUTLOOK

The outlook of the Yeast manufacturing is quite good in the last year and continues to be good presently also. Many developments are taking place due to innovation and consumer awareness of health. With the country offering great comparative advantages in terms of skills, knowledge, expertise, cost-effectiveness, the Outlook of the Industry looks very positive.

The Company is regularly reviewing its whole structure and making changes for future improvements. Various control systems are also deployed for the reduction of costs and improving of operating efficiencies. The Company's sales have gradually shifted from fresh Yeast which is used in the bakery to various dried yeast product which is used in Distillery, Pharma, Animal Feed Industries, and Nutrition Food Products. This shows the increase in demand for instant dried yeast in the market. The Company is constantly trying to be profitable by utilizing its available resources more effectively and efficiently.

RISKS AND CONCERNS

Your company has adopted a Risk management policy to identify and categorize various risks, implement measures to minimize the impact of these risks where it is deemed necessary and possible, and a process to monitor them regularly. The Board of Directors of the Company and the Audit Committee periodically review the risk management policy of the Company so that management controls the risk through the properly defined network. There are various types of risks Company may face such as Raw material risk, Quality risk, Competition risk etc. These risks are mitigated through regular monitoring and corrective action. The company has always had a system-based approach to business risk management.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has well-established internal control systems for operations of the Company. All the departments of the company including the accounts & finance department has experienced and trained staff capable of implementing and monitoring internal control systems. The internal control system of the Company is adequate to safeguard the Company's assets and to ensure that the transactions are properly recorded. Further, the internal control system ensures that proper records are being kept and all statutory and other laws, rules and regulations are being complied with. The Company has appointed an independent firm of Chartered Accountants to monitor the internal audit of its activities, based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and approved by the audit committee.

As per Section 177 of the Companies Act 2013 and Regulation 18 of SEBI Regulations, 2015, the Audit Committee has concluded that as at March 31, 2024, the internal financial controls were adequate and operating effectively. Compliance of secretarial functions is ensured by way of secretarial audit conducted by an independent practicing Company Secretary firm.

FINANCIAL PERFORMANCE vis-a-vis OPERATIONAL PERFORMANCE

The production of the Company was reduced in comparison to the previous year from 16835 MT to 15654 MT and consequently, the revenue of the Company was also reduced from Rs.11027.46 Lacs to Rs. 10888.09 Lacs resulting in a netloss of Rs. 392.53 lakhs during the year 2023-24 due to higher material and finance cost during the year under review.

The comparison of financial data with the previous year's data is provided as under:



KOTHARI FERMENTATION AND BIOCHEM LIMITED

Particulars	2023-24 (Rs. In lacs)	2022-23 (Rs. in lacs)
	Manufacturing of Yeast	
a) Production (MT)	15654	16835
b) Revenue - Net sales	10888.09	11027.46
c) Result - Before Depreciation, Tax & Finance cost	519.13	900.95
Less:		
i) Finance cost.	349.59	291.00
ii) Depreciation	562.07	581.10
Net Profit/Loss before Tax.	(392.53)	28.85
d) Net worth	5590.68	6084.68
e) PBT/NW (%)	(7.02)	0.47

The company recorded a capacity utilization of 74.54% of its production facilities during the year. The company has an installed capacity of 25000 MT and an operative capacity of 21000 MT per annum.

KEY FINANCIAL RATIOS

Sl. No.	Particulars	FY 24	FY 23	Explanation
1.	Operating Profit Margin	(0.45)%	2.81%	Reduction in profits due to high material cost.
2.	Net Profit Margin	(4.51)%	0.17%	Change is due to decrease in sales & PAT
3.	Return (PAT) on Net Worth	(8.41)%	0.32%	Reduction on account of operating loss and increase in finance cost.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

The Company believes that the competence and commitment of its people are the key drivers for the 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 the genuine grievances of employees to foster warm and cordial relationships between the management and the employees. This practice increases job satisfaction of employees and ensures that employees can add value to their livelihood. There were 201 persons directly employed by the Company during the previous financial year on an average basis.

FORWARD-LOOKING & CAUTIONARY STATEMENT

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

For and on behalf of the Board

Place: New Delhi

Date: 13.08.2024

Sd/-

Pramod Kumar Kothari
Chairman & Managing Director



REPORT ON CORPORATE GOVERNANCE

Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, makes obligatory on the Companies to report the Compliance Status as per requirements of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The Company is in full compliance with the Corporate Governance norms as stipulated therein.

The Company's Corporate Governance policies and practices for the financial year 2023-24 are given below:

1. Company's Philosophy on Code of Governance:

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

The essence of the Corporate Governance practices across Kothari Fermentation and Biochem Limited is the balance struck between independent decision-making and effective business controls. The promotion of efficient Corporate Governance practices is not only a statutory requirement but an important business enabler that helps realize long-term goals while optimizing stakeholder returns. The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and enhancing stakeholder value.

The Company, not only in letters but also in spirit, complies with the requirements of the applicable provisions relating to Corporate Governance including but not limited to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations').

The Company has an effective and diverse Board that sets the principles which guide us in our everyday operations. The Company has proper systems and procedures in place to ensure the best practices.

2. Board of Directors:

(i) Composition:

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

The Board of Directors consists of Six Directors viz. Mr. Pramod Kumar Kothari (Chairman and Managing Director), Mrs. Kavita Devi Kothari (Whole-Time Director), Mr. Siddhant Kothari (Whole-Time Director), Mr. Hemendra Patsingh Dugar, Mr. Piyush Kumar Goel, Mr. Prasanna Kumar Pagaria (upto 28.08.2023) and Dr. Rajiv Agarwal (with effect from 28.08.2023). Mr. Pramod Kumar Kothari, Mrs. Kavita Devi Kothari and Mr. Siddhant Kothari are the Executive Directors and the other directors are Independent Non-Executive Directors. The Board of the company, therefore, meets the composition criteria as required under SEBI Listing Regulations.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to business.

Composition & Category of Directors

Particulars	Number of Directors	Percentage of composition
Executive Directors (including one woman director)	3 (including Chairman)	50%
Non-executive Independent Directors	3	50%
Total	6	100%

(ii) Board meetings:

During the year, 7 Board meetings were held, i.e. on 11th April, 2023, 29th April, 2023, 30th May, 2023, 11th August, 2023, 28th August, 2023, 14th November, 2023 and 14th February, 2024.

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

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

The composition of the Board of Directors, their attendance at the Board Meetings and Annual General Meeting, number of directorships in other Indian Public Limited Companies and memberships of the Committees of the Board of such other companies are as follows:



Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings attended	No. of other Director -ships #	Other Companies Board's Committees*	
					Chairman	Member
Mr. Pramod Kumar Kothari	Chairman & Managing Director	Yes	7	NIL	NIL	NIL
Mrs. Kavita Devi Kothari	Whole - Time Director	Yes	7	NIL	NIL	NIL
Mr. Siddhant Kothari	Whole - Time Director	Yes	7	NIL	NIL	NIL
Mr. Prasanna Kumar Pagaria (Ceased to be the Director of the Company w.e.f. 28 th August 2023)	Independent Non-executive Director	No	4	NIL	NIL	NIL
Dr. Rajiv Agarwal (Appointed as the Independent Director of the Company w.e.f. 28 th August 2023)	Independent Non-executive Director	Yes	2	NIL	NIL	NIL
Mr. Hemendra Patsingh Dugar	Independent Non-executive Director	No	6	NIL	NIL	NIL
Mr. Piyush Kumar Goel	Independent Non-executive Director	No	7	NIL	NIL	NIL

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

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

(iii) Orderly succession to Board and Senior Management

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

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

The Company has adopted a Code of Conduct for Board of Director and Senior Management (referred to as the 'Code'). The Code has been communicated to the Directors and the members of Senior Management. The Code has also been posted on the Company's website at <https://www.kothariyeast.in/investor-files/code-of-conduct-for-board-of-director-and-senior-management>. All Board members and senior management have confirmed compliance with the code for the year ended 31st March, 2024. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

(v) Independent Directors:

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company, which could have potential conflict of interest with the Company at large. As mandated by Regulations 25 of the SEBI Listing Regulations as of March 31, 2024, none of the independent directors of the Company served as an independent director in more than seven listed entities, and as per Regulation 26, none of the Directors is a member of more than ten committees or acting as Chairperson of more than five committees of the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors. Also the maximum tenure of independent directors is in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI Listing Regulations.

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

Mr. Hemendra Patsingh Dugar holds company's 1400 equity shares himself and through his relative. No other non-executive independent director holds any shares and convertible instruments in the Company.

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 14th of February, 2024, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the Meeting, the Independent Directors:



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

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

Familiarization Programme for Independent Directors

The Company familiarizes its Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include presentations made by the functional heads on the developments in their respective departments' vis-à-vis the industry as whole. They are also updated on the changes in the policies, laws, etc and their impact on the company as a whole on a continuing basis. The Familiarization programmes imparted to Independent Directors are disclosed on the Company's Website i.e. <https://www.kothariyeast.in/investor-files/familiarization-programme-for-independent-director>.

(vi) Skills/Expertise/Competence of the Board of Directors

Key Board Skills/ Expertise/ Competence

The Board has identified following skill set with reference to Business and Industry of our company, required and available with the Board:

- Leadership, Business planning and strategy, Sales & Marketing, Corporate Governance & Compliances
- Finance, Banking, Taxation, Account and Legal, Corporate Social Responsibility
- Technical skills and Expertise in company's business, industry, competition.

Chart setting out the skills / expertise / competence of the Board of Directors

S. No.	Name of Director	Core Skills/ Expertise/ Competence
1	Mr. Pramod Kumar Kothari	Expertise in Company's business activities, industry and competition, Leadership, Technical Skills, Risk management, Corporate Social Responsibility, Business Planning & Strategy.
2	Mrs. Kavita Devi Kothari	Finance, Banking, Sales , Marketing, Strategic entrepreneurial skills.
3	Mr. Siddhant Kothari	Banking, Computer Science, Biotechnology, expertise in technical matters.
4	Mr. Hemendra Patsingh Dugar	Business planning and strategy, Corporate Governance, Corporate Social Responsibility
5	Mr. Piyush Kumar Goel	Legal, Finance, Direct & Indirect taxation, Leadership, Risk management
6	Mr. Prasanna Kumar Pagaria (Ceased to be the Director of the Company w.e.f. 28 th August 2023)	Corporate Governance and Compliance, Leadership, Corporate Social Responsibility, Business Planning & Strategy, Risk Management
7	Dr. Rajiv Agarwal (Appointed as the Independent Director of the Company w.e.f. 28 th August 2023)	Finance Management, Procurement, Auditing, MIS Expert, Accounting, Risk Management

Independent Directors confirmation by the Board

All Independent Directors have given their declarations that they meet the criteria of independence laid down in the Companies Act, 2013 and the Listing Regulations. In the opinion of the Board the Independent Directors fulfill the conditions of independence as specified in the Companies Act, 2013 and the Listing Regulations.

(vii) Performance Evaluation

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

(viii) Disclosure of relationships between Directors inter-se

Name of the Director	Designation of Director	Relationships Inter-se
Mr. Pramod Kumar Kothari	Chairman & Managing Director	Husband of Mrs. Kavita Devi Kothari, Whole-Time Director of the Company and Father of Mr. Siddhant Kothari, Whole-Time Director of the Company.
Mrs. Kavita Devi Kothari	Whole – Time Director	Wife of Mr. Pramod Kumar Kothari, Chairman & Managing Director of the Company and mother of Mr. Siddhant Kothari, Whole-Time Director of the Company.
Mr. Siddhant Kothari	Whole – Time Director	Son of Mr. Pramod Kumar Kothari, Chairman & Managing Director of the Company, and Mrs. Kavita Devi Kothari, Whole-Time Director of the Company
Mr. Piyush Kumar Goel	Non-executive Independent Director	No Relationship Inter se
Mr. Hemendra Patsingh Dugar	Non-executive Independent Director	No Relationship Inter se
Mr. Prasanna Kumar Pagaria (Ceased to be the Director of the Company w.e.f. 28 th August 2023)	Non-executive Independent Director	No Relationship Inter se
Dr. Rajiv Agarwal(Appointed as the Independent Director of the Company w.e.f. 28 th August 2023)	Non-executive Independent Director	No Relationship Inter se

3. **Committees of the Board**

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

(i) **Audit Committee**• **Terms of Reference**

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

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

The minutes of the Audit Committee meetings are regularly placed before the Board of Directors in their meeting for its appraisal.

• **Powers of the Audit Committee**

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

• **Composition, Meetings and Attendance**

The Committee met 4 times during the year, i.e. on 30th May, 2023, 11th August, 2023, 14th November, 2023 and 14th February, 2024. The composition, names of the members, chairman, particulars of the meetings, and attendance of the members during the year are as follows:



Name of the Member	Status	Category	No. of Meetings attended
Mr. Prasanna Kumar Pagaria (Ceased to be the Chairman of the Audit Committee of the Company w.e.f. 28 th August 2023)	Chairman	Independent/ Non-executive Directors	1
Dr. Rajiv Agarwal (Appointed as the Chairman of the Audit Committee of the Company w.e.f. 28 th August 2023)	Chairman		2
Mr. Piyush Kumar Goel	Member		4
Mr. Hemendra Patsingh Dugar	Member		4

Majority of the members of Audit Committee have accounting and financial management expertise. Mr. Pramod Kumar Kothari, Chairman & Managing Director, is the permanent invitee to the Audit Committee. The Chief Financial Officer, Internal Auditors and Statutory Auditors also invited and attended the committee meeting to clarify and discuss queries raised by the committee.

(ii) **Nomination & Remuneration Committee**

The "Nomination & Remuneration Committee" is constituted in line with the provisions of Section 178 of the Companies Act, 2013, and Regulation 19 of the Listing Regulations.

- The **terms of reference** of the Nomination & Remuneration Committee are:
 - o Formulation of the criteria for determining qualifications, positive attributes, and independence of a director and recommendation to the Board a policy, relating to the remuneration of the directors, key managerial personnel, and other employees,
 - o Formulation of criteria for evaluation of Independent Directors and the Board,
 - o Devising a policy on the Board's diversity,
 - o Identifying persons who are qualified to become directors and who may be appointed/promoted in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and carry out evaluation of the performance of directors and senior managerial personnel.
- **Composition, Meetings and Attendance**

Three meetings of the committee were held during the year on 30th May, 2023, 11th August, 2023 and 14th February, 2024. The composition, names of the members, chairman, particulars of the meeting, and attendance of the members during the year is as follows:

Name of the Member	Status	Category	No. of Meetings attended
Mr. Prasanna Kumar Pagaria (Ceased to be the Chairman of the Nomination and Remuneration Committee of the Company w.e.f. 28 th August 2023)	Chairman	Independent/ Non-executive Directors	1
Dr. Rajiv Agarwal (Appointed as the Chairman of the Nomination and Remuneration Committee of the Company w.e.f. 28 th August 2023)	Chairman		1
Mr. Piyush Kumar Goel	Member		3
Mr. Hemendra Patsingh Dugar	Member		3

Performance Evaluation criteria of Independent Directors and Senior Managerial Personnel

The criteria for evaluation of Independent Directors as well as other Directors and the Managerial Personnel is formulated by Nomination and Remuneration Committee, which includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, teamwork abilities, achievements, understanding and awareness, motivation/commitment/diligence, integrity/ethics/values and openness/receptivity.

Remuneration of Directors

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



The Company has no stock option plans for the directors and hence, it does not form a part of the remuneration package payable to any executive and/or non-executive directors. During the year under review, none of the directors was paid any performance-linked incentive/ commission. In 2023-24, the Company did not advance any loans to any of the executive and/or non-executive directors.

Details of Remuneration paid to Directors for the year 2023-2024

(a) **Executive Directors:**

(Rs. In Lakhs)

PARTICULARS	MR. PRAMOD KUMAR KOTHARI	MRS. KAVITA DEVI KOTHARI	MR. SIDDHANT KOTHARI
Salaries	48.00	45.00	12.70
TOTAL	48.00	45.00	12.70

(b) **Non- Executive Directors:**

During the year under review, there were no pecuniary transactions with any non-executive director of the Company. Further no sitting fee was paid to the non-executive Directors during the year 2023-24 as decided by them selves for not accepting any sitting fees.

• **Particulars of Senior Management**

S.no.	Name	Designation
1.	Mr. Rajan Sreedharan	G.M. (Technical)
2.	Mr. P.K. Jain	G.M. (Production)
3.	Mr. O.P. Bhatia	G.M. (Marketing)
4.	Mr. Arun Sekhani	CFO
5.	Mrs. Silky Gupta	Company Secretary

• **Policy on Board Diversity**

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

(iii) **Stakeholders Relationship Committee:**

• **Terms of Reference**

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

- Resolving the grievances of the security holders of the listed entity including complaints related to the transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

The Committee met 4 times during the year, i.e. on 30th May, 2023, 11th August, 2023, 14th November, 2023 and 14th February, 2024 and the attendance at the meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Prasanna Kumar Pagaria (Ceased to be the Chairman of the Stakeholders' Relationship Committee of the Company w.e.f. 28 th August 2023)	Chairman	1
Dr. Rajiv Agarwal (Appointed as the Chairman of the Stakeholders' Relationship Committee of the Company w.e.f. 28 th August 2023)	Chairman	2



Name of the Member	Status	No. of Meetings attended
Mr. Pramod Kumar Kothari	Member	4
Mr. Hemendra Patsingh Dugar	Member	4

Name, Designation & Address of the Compliance Officer

Mrs. Silky Gupta,
 Company Secretary-cum-Compliance Officer
 Kothari Fermentation & Biochem Ltd.,
 1st Floor, 16, Community Centre, Saket, New Delhi – 110017
 Tel. : 011-41664840, 40590944
 E-mail : secretarial@kothariyeast.in

• **Shareholders complaints and disposal thereof**

The complaints of the shareholders are either addressed to the Company Secretary or the share transfer agents of the company i.e. Abhipra Capital Limited. The status of pending shareholder's/ investor's complaints is regularly reviewed at the Stakeholders Relationship Committee Meeting on quarterly basis. Only two complaints were received during the year under review, and the same have been resolved by Registrar and Share Transfer Agent. There was no investor complaint pending as on 31.03.2024. There were no valid share transfers, pending for registration for more than 15 days on the said date.

As per Regulation 13 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is registered on the SCORES platform, ODR Portal, and also designated an email i.e. info@kothariyeast.in for the redressal of security holder grievances by the Company.

Annual General Meetings

AGM	YEAR	VENUE	DATE	TIME
33 rd	2022-2023	Through VC/OAVM at Registered Office	28.09.2023	11:30 A.M
32 nd	2021-2022	Through VC/OAVM at Registered Office	24.09.2022	11:30 A.M
31 st	2020-2021	Through VC/OAVM at Registered Office	30.09.2021	11:30 A.M.

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

Special Resolution passed in previous three Annual General Meetings

AGM	Year	Subject of Special Resolution	Date
33 rd	2022-2023	1. Appointment of Dr. Rajiv Agarwal as Non- Executive Independent Director of the Company. 2. Re-appointment of Mr. Hemendra Patsingh Dugar as Non- Executive Independent Director of the Company.	28.09.2023
32 nd	2021-2022	NIL	24.09.2022
31 st	2020-2021	NIL	30.09.2021

4. Means of Communication

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



KOTHARI FERMENTATION AND BIOCHEM LIMITED

5. General Shareholder Information

(i) 34th Annual General Meeting:

Day, Date & Time	Monday, 30 th day of September, 2024 at 11:30 A.M.
Venue	Video Conferencing (VC) / Other audio and visual means (OAVM) at Registered Office, 16, Community Centre, 1 st floor, New Delhi-110017

(ii) Tentative Financial Calendar:

Financial Year 2024 – 2025		
1. First Quarterly Results	(Unaudited/Limited Review)	July-August 2024
2. Second Quarterly Results	-----Do-----	October-November 2024
3. Third Quarterly Results	-----Do-----	January-February 2025
4. Fourth Quarterly Results & Annual Results	(Audited)	April-May 2025

(iii) Book Closure

Share Transfer Books and Register of Members shall remain closed from Tuesday 24th September, 2024 to Monday, 30th September, 2024 (both days inclusive).

(iv) Dividend Payment Date

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

(v) Listing on Stock Exchanges and Stock Codes

S. No.	Name & Address of the Stock Exchange	Stock Code
1.	BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	507474

Note: Annual Listing Fees for the year 2023-2024 have been duly paid to the above stock exchange.

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

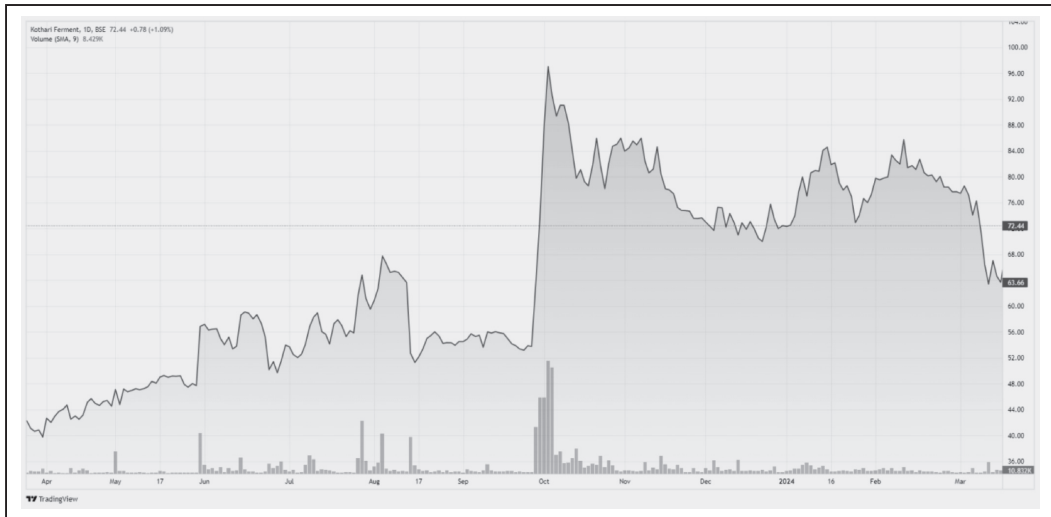
(vii) Market Price Data for the year 2023-24:

Monthly high/low prices and trading volumes of the company's shares during the financial year 2023-24 on BSE Ltd. are given hereunder:

Month	High Price	Low Price	No. of Trades	No. of Shares Traded
Apr-23	48.25	38.26	874	90223
May-23	57.22	44.1	1976	309642
Jun-23	63.3	45.3	2217	392564
Jul-23	69.9	51.56	4504	584194
Aug-23	69.9	50.5	3615	548211
Sep-23	74.65	52.65	3451	630118
Oct-23	105	74.24	10656	1915810
Nov-23	87.99	72.2	2279	373263
Dec-23	78.88	68.03	2085	315447
Jan-24	89.9	71.1	2500	351332
Feb-24	88	71.9	2615	200912
Mar-24	80.9	57	2433	189083



Share price chart during the year 2023-24 :-



(viii) Registrar and Share Transfer Agents

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

(ix) Share Transfer System

As per Regulation 40 of SEBI Listing Regulations as amended, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form w.e.f. 1st April, 2019. Valid requests for share transfer received from the shareholders are effected within a period of maximum 15 days.

Distribution of Shareholding

A) Distribution of Shareholding according to size class as on 31st March 2024:

S. No	Nominal Value of Equity Shares held (Rs.)	Shareholders		Shares held in each class			
		Number	%	Physical	Demat	Total	% to Total
1	Up to 5000	11215	99.248	777300	1435552	2212852	14.8
2	5001 To 10000	49	0.433	21500	352963	374463	2.5
3	10001 To 20000	13	0.115	0	188462	188462	1.3
4	20001 To 30000	3	0.028	0	70463	70463	0.5
5	30001 To 40000	4	0.035	40000	108531	148531	1.0
6	40001 To 50000	5	0.044	0	230323	230323	1.5
7	50001 To 100000	2	0.017	0	122089	122089	0.7
8	Above 100000	9	0.08	0	11652817	11652817	77.7
	TOTAL	11300	100	838800	14161200	15000000	100

**B) Distribution of Shareholding across Categories as on 31st March 2024:**

S.No.	Category	No. of Shares Held	% Shareholding
1.	Promoters	11237200	74.91
2.	Financial Institutions, Banks and Mutual Funds	100	0.00
3.	NRIs, Foreign Nationals, OCBs FIIs and clearing members.	46230	0.31
4.	Indian Public	3444847	22.97
5.	HUF	120298	0.8
6.	Private Corporate Bodies	151325	1.01
	TOTAL	15000000	100

(x) Dematerialization of Shares and Liquidity

About **94.41%** of the total equity share capital of the company was held in Dematerialization form as on 31st March, 2024 with NSDL/ CDSL. The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors and is listed on BSE Ltd.

Kindly note that SEBI, has mandated that in all listed companies, only Dematerialized securities are allowed to be transferred except for transmission or transposition of securities. The Company is not allowed to undertake any transfers in physical mode. Accordingly, the Physical Shareholders are requested to kindly convert their shareholding in Demat mode at the earliest. A specific notice dated 20.05.2023 was also sent to all shareholders holding shares in physical form to this effect. Such notice is available on Company's website also at <https://www.kothariyeast.in/investor-files/notice-to-shareholders>.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments – Not Applicable**(xii) Location of Plant**

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

(xiii) Address for Correspondence:**Ø With the Company:**

Kothari Fermentation & Biochem Ltd.,
1st Floor, 16, Community Centre, Saket, New Delhi – 110017
Tel.: 011 - 26850004, 40590944
E-mail for investors' grievance redressal : info@kothariyeast.in
Website: www.kothariyeast.in

Ø With the R & T Agent

The shareholders may also address their correspondence to the RTA of the Company; their address is given in point no.6 (viii) above.

(xiv) Credit Rating: Your company's domestic credit rating by CRISIL is "CRISIL BB /Stable" (Downgraded from "CRISIL BB+/Stable") for long-term debt facilities and 'CRISIL A4+' (Reaffirmed) for the short-term debt facilities.**6. Other Disclosures****• Related Party Transactions (RPT)**

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

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

During the year 2023-24 as required under section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, all RPTs were placed before Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the accompanying Financial Statements.

The Company has formulated a policy on dealing with related party transactions which has been uploaded on the website of the Company, i.e. <https://www.kothariyeast.in/investor-files/related-party-transaction>



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

No penalties and strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years, except a penalty of Rs.15000 Plus GST for Financial Year 2020-2021 on late filing of Auditor Report due to clerical mistake and Rs.1,20,000 plus GST on late filing of Financial Results under Regulation 33 of the SEBI (LODR) Regulations, 2015, due to continuous lock down imposed by Government w.e.f. night of 16th April, 2021 and continued the Complete lockdown w.e.f. 19.04.2021 (10 p.m.) vide DDMA order no.381 dated 19.04.2021 initially, and further extended from time to time till 7th June,2021 even with 50% Staff.

- **Material Subsidiaries**

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

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

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

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

Under regulation 26(5) of SEBI Listing Regulations, Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company. The same was NIL during the year 2023-24.

- **Compliances regarding Insider Trading**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Practices and procedures for fair disclosure and a code of conduct to regulate, monitor, and report trading by insiders. The Code advises procedures to be followed and disclosures to be made, while dealing in shares of the Company and cautioning them on consequences of non-compliance.

The Code referred to above is placed on the Company's website – <https://www.kothariyeast.in/investor-files/code-of-conduct-for-prevention-of-insider-training>

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

The Company has established a vigil mechanism which is overseen by the Audit Committee for the genuine concerns expressed by the employees and the Directors. A comprehensive Whistle Blower Policy has already been adopted by the Company which provides adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The Company affirms that no employee has been denied access to the Audit Committee. The policy as approved by the Board is uploaded on the Company's website at <https://www.kothariyeast.in/investor-files/vigil-mechanism>.

- **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Number of Complaints filed during the year 2023-24	:	NIL
Number of Complaints disposed of during the year 2023-24	:	N.A.
Number of Complaints pending as on 31 st March, 2024	:	NIL

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

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

- **Disclosure with respect to demat suspense account/ unclaimed suspense account.**

There are no Shares in the demat suspense account or unclaimed suspense account.

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

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

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

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



- o The Board: Since the Company has an executive Chairman, the requirement regarding non-executive Chairman is not applicable to the Company.
- o Shareholder rights: A quarterly, half-yearly and annual financial results are published in the newspapers and are also posted on the website of the company.
- o Modified opinion(s) in the audit report: The Company confirms that its financial statements for the year under reference are with unmodified audit opinion.
- o Reporting of Internal Auditor: The Internal Auditor reports directly to the Audit Committee.
- **CEO/ CFO Certification**
Pursuant to the provisions specified in Part B of Schedule II and in terms of Regulation 17(8) of the SEBI Listing Regulations, a certificate on the Financial Statements from CEO and the CFO is issued and forms part of the Annual Report.
- **Compliance Certificate**
Compliance certificate for Corporate Governance from Statutory Auditors of the Company is annexed herewith.
- **Non Disqualification of Directors**
A certificate from a company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies, by the Board/ Ministry of Corporate Affairs or any such statutory authority, is annexed herewith
The above report has been placed before the Board at its meeting held on 13.08.2024 and was approved by the Board.

For and on behalf of the Board

**Place: New Delhi
Date: 13.08.2024**

**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 and Biochem Ltd.

Date: 20.06.2024
Place: New Delhi

Arun Kumar Sekhani
Chief Financial Officer

Pramod Kumar Kothari
Chairman & Managing Director

DECLARATION

Pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, hereby certify that the Board Members and the Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st March, 2024.

For and on behalf of the Board

Place: New Delhi
Date: 20.06.2024

Pramod Kumar Kothari
Chairman & Managing Director



Independent Auditor’s Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of

Kothari Fermentation & Biochem Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Kothari Fermentation & Biochem Ltd (“the Company”) for the year ended 31st of March, 2024 as stipulated in Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’).

Management’s Responsibility

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditors’ Responsibility

3. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the terms and conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2024.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clauses (b) to (i) and (t) of Regulation 46(2) and para-C, D, and E of schedule V of the Listing Regulations during the year ended 31st March 2024.

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

Restriction of Use

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing

For **Kothari Kuldeep & Co.**
Chartered Accountants
ICAI Firm Registration No. - 015960C

Place: New Delhi
Dated: 30/05/2024

CA KULDEEP KOTHARI
Partner membership No.: 413714
UDIN:- 24413714BKAPKA4851



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10) (I) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
KOTHARI FERMENTATION AND BIOCHEM LIMITED
16 COMMUNITY CENTRE FIRST FLOOR
SAKET NEW DELHI DL 110017 IN

We, Priyanka Saxena & Associates, Company Secretaries, have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s KOTHARI FERMENTATION AND BIOCHEM LIMITED having CINL72411DL1990PLC042502 and having registered office 16 COMMUNITY CENTRE FIRST FLOOR SAKET NEW DELHI DL 110017 IN (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	PRAMOD KUMAR KOTHARI	00086145	26/12/1990
2.	KAVITA DEVI KOTHARI	00120415	01/04/2013
3.	PIYUSH KUMAR GOEL	08539042	27/09/2019
4.	HEMENDRA PATSINGH DUGAR	05227746	14/11/2018
5.	SIDDHANT KOTHARI	08620559	29/08/2020
6.	RAJIV AGARWAL	07079724	28/08/2023

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **PRIYANKA SAXENA & ASSOCIATES**
Company Secretaries

Priyanka Saxena
(Proprietor)

Mem. No. 8959

CP. No. 10439

PR No. : 3307/2023

UDIN: F008959F000416861

Place: New Delhi
Date: 21.05.2024



Independent Auditor’s Report

To,
**The Members of
Kothari Fermentation and Biochem Limited,**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Kothari Fermentation & Biochem Limited (‘the Company’), which comprise the balance sheet as at 31st March 2024, the statement of profit and loss including the statement of other comprehensive income, the cash flow statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial statements give the information required by the Companies Act,2013 (“the Act”) in the manner so required and give a true and fair View in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the state of Affairs of the Company as at March 31, 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Ind AS Financial Statements’ section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

S. No.	Key Audit Matter	Auditor’s Response
1	<p>Existence of Inventories</p> <p>As at March 31, 2024, the Company inventories aggregating Rs. 2,103.30 lakhs, comprising 15.92% of the total assets of the Company as on that date, which inventories are geographically spread across multiple locations such as factory/ depots. These inventories are physically verified by the Management in accordance with a physical verification plan.</p> <p>For the aforementioned reason and also since the inventory balance is material, the existence and condition thereof has been considered as a key audit matter.</p>	<p>We have performed the following principal audit procedures in relation to validating the existence and condition of inventories, which include a combination of testing internal controls and substantive testing as under:</p> <ul style="list-style-type: none"> • Understood Management’s control over physical inventory counts. • Evaluation of the design and testing of the operating effectiveness of the internal controls relating to physical inventory counts. • Performed alternate procedures including inspection of documentation of the subsequent sale of inventories to audit the existence and condition of inventory as per guidance provided in SA 501 “Audit Evidence – Specific Considerations for Selected Items” and have obtained sufficient appropriate audit evidence. • We have also performed roll-forward procedures for establishing the existence of inventory as at year-end by validating purchases, sales, and stock movement of inventory during the intervening period i.e. from the date physical verification was done till the year-end date.



S. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> Verification of documentary evidences of damaged and expired stock and the adequacy of recorded allowance in respect of Inventories.
2	<p>Evaluation of uncertain tax positions Refer to Notes 29 to the Financial Statements. The Company has material uncertain tax positions including matters under dispute which involve significant judgment to determine the possible outcome of these disputes.</p>	<p>We have obtained details of complete tax assessments and demand as at March 31, 2024 from management.</p> <p>We considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice, where available, including any information regarding similar cases with the relevant tax authorities.</p> <p>We assessed validity and adequacy of provisions for uncertain tax positions in respect of Income tax demand and have discussed the probable outcome of the case with the key management and considered their views on the same. We have found the appropriateness of management's assumptions and estimates reasonable.</p>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Secretarial Audit Report, Management Discussion and Analysis (but does not include the standalone Ind AS financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Company (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure - I, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. **As required by Section 143 (3) of the Act, we report that:**
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss including the statement of other comprehensive income, the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with companies (Indian accounting Standards) Rule, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31st March 2024 taken on record by the Board of directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure II to this report";
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The company has disclosed the impact of pending litigations on its financial Position in its Ind AS financial statements – Refer Note 29 to the financial Statements;
- ii. The company did not have any long –term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There was no amount which were required to be transferred to the Investor education and Protection Fund by the company.
- iv.
 - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared and paid any dividend during the year.
- vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

For Kothari Kuldeep & Co.
Chartered Accountants
ICAI Firm Registration No. - 015960C

CA KULDEEP KOTHARI
Partner
Membership No.: 413714
UDIN:- 24413714BKAAAPJS5987

Place: New Delhi
Dated: 30/05/2024



Annexure - I to the Independent Auditors' Report

The Annexure as referred in paragraph (1) 'Report on Other Legal and Regulatory Requirements of our Independent Auditors' Report to the members of Kothari Fermentation and Biochem Limited on the financial statements as of and for the year ended 31 March 2024,

- i. (a) (A) The Company has maintained proper records showing full particulars, including Quantitative details and situation of property, plant and equipment on the basis of available information.
(B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner by the management. In accordance with this programme, All the Fixed assets have not been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of company and nature of its assets. No material discrepancies were noticed on such verification as compared with the available records.
- (c) According to the information and explanations provided to us and on the basis of our examination of the registered sale deed/conveyance deed (other than properties where the company is the lessee and the lease agreement are duly executed in favour of the lessee), We report that, the title deeds, comprising the immovable Properties of land and building which are freehold, are held in the name of the Company, as at the balance sheet date.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) and intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.
- (e) According to information and explanations given by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988(as amended in 2016) and rules made thereunder. Therefore, provisions of clause 3(1)(e) of the Order are not applicable to the Company.
- ii. (a) The management has conducted Physical Verification of inventory at reasonable intervals during the year, other than stock lying with third parties, and in our opinion, the coverage and procedure of such verification by the management is appropriate. As explained to us and on the basis of records examined by us, no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification.
- (b) The Company has been sanctioned working capital limits during the year in excess of five crores rupees, in aggregate, from a bank on the basis of security of current assets. Based on the examinations of the books of accounts and quarterly statements submitted to the bank, aggregate value of stocks and debtors are not in agreement with the books of accounts as mentioned in note no. 40 to the financial statements.
- iii. In Our opinion and according to the information provided to us, the Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited liability partnerships or any other parties during the year. Accordingly, para 3(iii) a to para 3(iii) f are not applicable.
- iv. The Company has no transaction with respect to loan, investment, guarantee and security covered under section 185 and 186 of the Companies Act, 2013 during the year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits, under the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- vi. According to the information and explanations given to us, the Central Government has not Prescribed the maintenance of cost records under section 148(1) of the companies Act, 2013 in respect of the activities carried on by the company. Therefore, the provisions of clause (vi) of paragraph 3 of the order is not applicable.
- vii. (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 regular in depositing amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, Goods and service tax, cess and other statutory dues applicable to it. There were no undisputed outstanding statutory dues as at year end for a period of more than 6 months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the company examined by us, there are not statutory dues referred to in sub clause (a) on account of any dispute except followings:



Name of the Statute	Nature of Dues	Amount (in Lacs)	Period to which the amount relates	Forum Where the dispute is pending
Income Tax Act	Demand of Tax (Addition U/s 41(1) of the Income Tax Act, 1961)	# Rs. 1100.64 lacs	A.Y. 2008-09	CIT(A), New Delhi & Hon'ble High court, Delhi

Amount of Tax disputed and not deposited.

- viii. According to the information and explanation given to us, there were no transactions which have not recorded in the books of account, have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Therefore, provisions of clause 3(viii) of the Order are not applicable to the Company.
- ix. (a) According to the information and explanation given to us and based on our examination of records, the Company has not defaulted in repayment of loans or other borrowings or in the payment of Interest thereon to any lender and hence, reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) Based on the information and explanations obtained by us, the Company has not been declared willful defaulter by any bank or financial institution or other lender and hence, reporting under clause 3(ix)(b) of the Order is not applicable.
- (c) According to the information and explanation given to us and based on our examination of records, the Company has applied the term loans for the purpose for which the loans were obtained.
- (d) According to the information and explanation given to us and based on our examination of records, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company. Accordingly, reporting under this clause 3(ix)(d) of the Order is not applicable.
- (e) The Company has no subsidiaries, joint ventures or associates. Therefore, the provisions of clause 3(ix)(e) of the Order are not applicable to the Company.
- (f) The Company has no subsidiaries hence, reporting under clause 3(ix)(f) of the Order is not applicable
- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.
- xi. (a) As per the information and explanation given to us and on the basis of our examination of the records, we have neither come across any instance of material fraud by the company or on the company or reported during the year, nor have been informed of such case by the management.
- (b) According to the information and explanation given to us and based on our examination of records, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) We have been informed that there are no whistle blower complaints received by the Company during the year (and up to the date of this report). Accordingly, the reporting under the clause 3(xi)(c) of the Order is not applicable.
- xii. The company is not Nidhi Company. Accordingly, Clause (xii) (a), (xii)(b) and (xii)(c) of Para 3 of the order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards (Ind-As).
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business;
- (b) We have considered internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of companies act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the provisions of the clause 3(xvi)(a) of the Order are not applicable to the company.
- (b) According to the information and explanations given to us and based on our examination of the records, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable.
- (c) According to the information and explanations given to us and based on our examination of the records, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and Explanations given to us, the group does not have any Core Investment Company (CIC) and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- xvii. In our opinion and according to the explanation given to us the Company has not incurred any cash losses during the year and in the immediately preceding financial year, hence clause (xvii) of paragraph 3 is not applicable to the company.
- xviii. There has been no resignation of the statutory auditors of the company, hence clause (xviii) of paragraph 3 is not applicable to the company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. In our opinion and according to the explanation given to us no material uncertainty exists on the date of audit report that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date, hence clause (xix) of the paragraph 3 is not applicable to the company.
- xx. There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing or other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable for the year. In our opinion and according to the explanation given to us there is no ongoing project of the company, hence clause (xx) of paragraph 3 is not applicable to the company.
- xxi. The Company does not have subsidiary, associate or joint venture. Therefore, the provisions of clause 3(xxi) of the Order are not applicable to the Company.

For **Kothari Kuldeep & Co.**
Chartered Accountants
ICAI Firm Registration No. - 015960C

CA KULDEEP KOTHARI
Partner

Membership No.: 413714
UDIN:- 24413714BKAAPJS5987

Place: New Delhi
Dated: 30/05/2024

Annexure - II to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements'

We have audited the internal financial controls over financial reporting of Kothari Fermentation and Biochem Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered



Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and;
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kothari Kuldeep & Co.**
Chartered Accountants
ICAI Firm Registration No. - 015960C

CA KULDEEP KOTHARI
Partner
Membership No.: 413714
UDIN:- 24413714BKAAPJS5987

Place: New Delhi
Dated: 30/05/2024

**KOTHARI FERMENTATION AND BIOCHEM LIMITED****Balance sheet as at 31 March 2024***(All amounts are in Rupees Lacs, unless otherwise stated)*

	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3'	8,699.63	7,388.35
Capital work-in-progress	3A'	780.91	1,938.96
Financial assets			
(a) Other non-current financial assets	4'	51.71	65.01
Other non-current assets	5'	26.10	54.14
Total non-current assets		9,558.35	9,446.46
Current assets			
Inventories	6'	2,103.30	2,247.36
Financial assets			
(i) Trade receivables	7'	906.34	780.59
(ii) Cash and cash equivalents	8'	20.99	15.40
(iii) Bank balances other than (ii) above	9'	24.74	19.46
(iv) Other current financial assets	10'	0.06	0.08
Other current assets	11'	598.92	618.47
Total current assets		3,654.35	3,681.36
Total assets		13,212.70	13,127.82
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12'	1,500.00	1,500.00
Other equity		4,090.68	4,584.68
Total equity		5,590.68	6,084.68
Liabilities			
Non-current liabilities			
Financial liabilities			
(a) Borrowings	13'	2,862.26	2,817.98
Long-term provisions	14'	398.02	354.28
Deferred tax liabilities (net)	15'	669.03	571.41
Total non-current liabilities		3,929.31	3,743.67
Current liabilities			
Financial liabilities			
(i) Borrowings	16'	1,832.84	1,665.74
(ii) Trade payables	17'		
a) total outstanding dues of micro and small enterprises		260.17	384.80
b) total outstanding dues of creditors other than micro and small enterprises		709.62	831.62
(iii) Other financial liabilities	18'	343.95	185.21
Other current liabilities	19'	546.13	232.10
Total Current liabilities		3,692.71	3,299.47
Total liabilities		7,622.02	7,043.14
Total equity and liabilities		13,212.70	13,127.82

Summary of significant accounting policies and other notes on financial statements 1 to 40'
The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For M/s. Kothari Kuldeep & Co.

Chartered Accountants
Firm Regn. No. 015960C

Kuldeep Kothari
Partner
Membership No - 413714

Pramod Kumar Kothari
Chairman & Managing Director
DIN:00086145
20-06-2024

Siddhant Kothari
Whole Time Director
DIN: 08620559

Rajiv Agarwal
Director
DIN:07079724

Place : Delhi
Date : 30/05/2024

Arun Kumar Sekhani
Chief Financial Officer

Silky Gupta
Company Secretary
ACS-57285



Statement of profit and loss for the year ended 31 March 2024

(All amounts are in Rupees Lacs, unless otherwise stated)

	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue			
Revenue from operations	21'	10,888.09	11,027.46
Other income	22'	4.19	18.51
Total income		10,892.28	11,045.97
Expenses			
Cost of materials consumed	23'	5,107.00	5,786.19
Changes in inventories of finished goods, stock-in-Trade and work-in-progress	24'	207.43	(132.22)
Purchase of Traded Goods	25'	93.98	-
Employee benefits expense	26'	1,047.80	1,038.10
Finance costs	27'	349.59	291.00
Depreciation and amortization expense	3'	562.07	581.10
Other expenses	28'	3,916.94	3,452.95
Total Expenses		11,284.81	11,017.12
Profit before tax (VI-VII)		(392.53)	28.85
Tax expense:			
Current tax		-	6.93
Deferred tax (Charge)/Credit		98.62	2.75
Profit for the year (A)		(491.15)	19.17
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(3.85)	11.26
Tax relating to remeasurement of defined benefit plans		1.00	(3.13)
Total other comprehensive income for the period (B)		(2.85)	8.13
Total comprehensive income for the year (A + B)		(493.99)	27.30
Earnings per equity share			
Basic	29'	(3.27)	0.13
Diluted		(3.27)	0.13
Summary of significant accounting policies and other notes on financial statements	1 to 40'		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For M/s. Kothari Kuldeep & Co.

Chartered Accountants
Firm Regn. No. 015960C

Kuldeep Kothari
Partner
Membership No - 413714

Pramod Kumar Kothari
Chairman & Managing Director
DIN:00086145
20-06-2024

Place : Delhi
Date : 30/05/2024

Arun Kumar Sekhani
Chief Financial Officer

For and on behalf of the Board of Directors of Kothari Fermentation and Biochem Limited

Siddhant Kothari
Whole Time Director
DIN: 08620559

Rajiv Agarwal
Director
DIN:07079724

Silky Gupta
Company Secretary
ACS-57285



KOTHARI FERMENTATION AND BIOCHEM LIMITED

Cash Flow Statement for the year ended 31 March 2024

(All amounts are in Rupees Lacs, unless otherwise stated)

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(392.53)	28.85
Adjustments for:		
Depreciation and amortization expense	562.07	581.10
(Profit)/Loss on sale/discard of property, plant and equipment (net)	-	-
Finance cost	349.59	291.00
Interest Income	(1.17)	(18.51)
Expected credit losses/ Bad Debts	5.07	8.74
Operating Profit Before Working Capital Changes	523.03	891.18
Movements in working capital :-		
(Increase)/ Decrease in Inventories	144.06	(427.14)
(Increase)/ Decrease in Trade and Other receivables	(69.88)	(150.74)
Increase/ (Decrease) in Trade and other payables	266.03	320.83
Cash used in operations	863.24	634.13
Direct taxes paid	-	(29.58)
Net Cash Flow From operating activities	863.24	604.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Property,Plant and Equipment	-	-
Interest Received on Fixed Deposits & Others	1.17	24.69
Movement in Fixed Deposits	(5.28)	37.00
Purchase of Property, Plant and Equipment (including Work in Progress & Capital Advances)	(715.32)	(319.05)
Net Cash used in investing activities	(719.43)	(257.36)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Long Term borrowings	106.07	(18.77)
Proceeds from Short Term borrowings	105.31	(39.63)
Interest paid	(349.59)	(291.00)
Net Cash Flow from Financing Activities	(138.21)	(349.40)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	5.59	(2.21)
Cash and Cash Equivalents at the beginning of the year *	15.40	17.61
Cash and Cash Equivalents at the end of the year *	20.99	15.40
	5.59	(2.21)

- Notes
- Cash flow from operating activities has been reported as per the Indirect Method as set out in IND AS-7.
 - Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.
 - Figure in brackets indicates cash outgo
 - Components of cash and cash equivalents

	31st March, 2024	31st March, 2023
Cash in hand	19.40	14.66
Bank balances	1.59	0.74
- Current account		
	20.99	15.40

This is the Statement of Cash Flow referred to in our report of even date.
The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For M/s. Kothari Kuldeep & Co.
Chartered Accountants
Firm Regn. No. 015960C

For and on behalf of the Board of Directors of
Kothari Fermentation and Biochem Limited

Kuldeep Kothari
Partner
Membership No - 413714

Pramod Kumar Kothari
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DIN:00086145
20-06-2024

Siddhant Kothari
Whole Time Director
DIN: 08620559

Rajiv Agarwal
Director
DIN:07079724

Place : Delhi
Date : 30/05/2024

Arun Kumar Sekhani
Chief Financial Officer

Silky Gupta
Company Secretary
ACS-57285



Statement of Changes in Equity for the year ended 31 March 2024

(All amounts are in Rupees Lacs, unless otherwise stated)

(a) Equity share capital	As at 31 March 2024		As at 31 March 2023	
	No. of Shares (Lacs)	Amount	No. of Shares (Lacs)	Amount
Balance at the beginning of the year	150.00	1,500	150.00	1,500
Changes in equity share capital during the year				
Changes in equity share capital due to prior period errors				
Restated balance at the beginning of the year	-	-	-	-
Balance at the end of the reporting period	150.00	1,500.00	150.00	1,500.00

(b) Other equity	Reserves and Surplus Incl	Remeasurement of defined benefit	Total
	Retained earnings	plans	
Balance as at 31 March, 2022	4,580.01	(22.63)	4,557.38
Profit for the year	19.17	-	19.17
Other comprehensive income/ (loss) for the year	-	8.13	8.13
Total comprehensive income for the year	19.17	8.13	27.30
Balance as at 31 March, 2023	4,599.18	(14.50)	4,584.68
Profit for the year	(491.15)	-	(491.15)
Other comprehensive income for the year	-	(2.85)	(2.85)
Total comprehensive income for the year	(491.15)	(2.85)	(494.00)
Balance as at 31 March 2024	4,108.03	(17.35)	4,090.68

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

For M/s. Kothari Kuldeep & Co.

Chartered Accountants
Firm Regn. No. 015960C

For and on behalf of the Board of Directors of
Kothari Fermentation and Biochem Limited

Kuldeep Kothari

Partner
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Chairman & Managing Director
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20-06-2024

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Director
DIN:07079724

Place : Delhi
Date : 30/05/2024

Arun Kumar Sekhani
Chief Financial Officer

Silky Gupta
Company Secretary
ACS-57285



Notes to the financial statements for the year ended 31st March 2024

Reporting Entity

Kothari Fermentation and Biochem Limited referred to as “the Company” is domiciled in India. The Company’s registered office is at 16, Community Centre, 1st Floor, Saket, New Delhi-110017. The Company is a manufacturer of Yeast and its derivatives. The Factory of the Company is situated at Village Rajarampur, Industrial Area Sikandrabad, Distt. Bulandshahr in the State of U.P.

These financial statements were authorised for issue by the Board of Directors on their meeting held on 30th May, 2024.

1. Basis of Preparation

1.1 Compliance with Indian Accounting Standards (IND AS)

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India.

Accounting policies are consistently applied except when a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hereto in use.

1.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on the accrual basis Except for the Following:

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- Defined benefit liability/ (assets): present value of defined benefit obligation less fair value of plan assets.

1.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest Lakhs, unless otherwise indicated.

1.4 Consistency of Accounting Policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

1.5 Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of fixed assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows

2. Material Accounting Policies

The Ministry of Corporate Affairs (MCA) has amended Ind AS 1, mandating the disclosure of material accounting policies and removal of obscuring policy information. In compliance with these changes, the Company has disclosed all material accounting policies.

2.1 Property, plant, and equipment & Capital Work-in-Progress

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.



If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. As per the assessment made by the management, fixed assets (other than building and captive power plant) does not comprise any significant components with different useful life. Any gain/loss on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation on fixed assets is calculated on Straight Line Method using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013 or re-assessed by the Company on technical basis, as given below.

Assets	Useful lives estimated by the management
Factory and other buildings	30-60 Years
Plant & Machinery	10-18 Years
Factory, R&D and office equipments	5-10 Years
Furniture & Fixtures	10 Years
Vehicles	8 Years
Air conditioner	10 Years
Computers	3 years

Leasehold land is not being amortised over the period of lease tenure. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively. Individual assets costing below Rs.5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

De-Recognition

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Capital work-in-progress

Capital work-in-progress assets in the course of construction for production or/and supply of goods or services or administrative purposes, or for purposes not yet determined, are

carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

2.2 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.



2.3 Employee benefits

a. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

- a) Provident fund
- b) Gratuity

c. Defined benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

d. Other long-term employee benefits

Employee benefits in the form of long-term compensated absences are considered as long term employee benefits. The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. The liability for long-term compensated absences are provided on an actual basis.

2.4 Revenue Recognition

a. Revenue from Contracts with customers

The company derives revenue from sale of "Yeast".

IND AS -115 "Revenue from Contracts with customers" Provides a control based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to performance obligations;
- Recognize revenue when or as an entity satisfies a performance obligation.

Trade receivables are measured at their transaction price unless it contain a significant financing component in accordance with Ind AS 115 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract

b. The Company recognises revenue from sale of goods when the title has been passed and all of the following conditions are satisfied:

- i) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;



- ii) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) The costs incurred or to be incurred with respect to the transaction can be measured reliably.

Sales of goods are recognized at the point of dispatch from the factory to customers and sales from Depot are recognized at the time of billing to the customers. Sales are net of returns, rebates, trade discounts, rate differences, damaged goods, and exclusive of taxes.

- c. Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Export incentives and subsidies are recognized when the Company has complied with the conditions and there is a reasonable assurance the incentive will be received. Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on Receipt basis.

2.5 Inventories

- i. Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of attributable overheads
Waste	At net realisable value

- ii. Provision for obsolete/ old inventories is made, wherever required.

2.6 Provisions and contingencies, Contingent liabilities and Contingent Assets

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.7 Financial Instruments

(i) Fair Value Measurement

a. Financial instruments

The estimated fair value of the Company’s financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. Equity Investments

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on commonly accepted valuation techniques utilizing significant unobservable data, primarily cash flow-based models. If fair value cannot be measured reliably unlisted shares are recognized at cost.

(ii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts and interest rate swaps.

a. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input). In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price under Ind AS 115 "Revenue from Contracts with Customers".

Subsequent Measurement

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial Assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial Assets at fair value through Other Comprehensive Income (FVOCI)

Financial Assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Financial Assets at fair value through profit and loss (FVTPL)

Any Financial Asset, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial Assets included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.



Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

b. Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input). In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

De-recognition

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

c. Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other Financial Instruments are classified as measured at FVTPL.

2.8 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Due to uncertainty, MAT Credit shall be accounted for as and when utilised under the Income-tax Act

2.9 Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The company applies a single recognition and measurement approach for all leases, except for leasehold land, short-term leases (twelve month or less) and leases of low-value. For short-term and leases of low value, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Leasehold land is carried at the acquisition cost i.e. one-time lease premium paid at the time of acquisition of leasehold rights. For all other leases, the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

Lease liability and ROU asset, if any, have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Leasehold Land represents land allotted by U P State Industrial Development Corporation Ltd. for 90 years on leasehold basis and is recognised at cost.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of twelve months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents is as defined above. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.11 Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company and its associates.



Notes to the financial statements for the year ended 31 March 2024

(All amounts are in Rupees Lacs, unless otherwise stated)

3. Property, plant and equipment

Particulars	Gross Block				Depreciation				Net Block		
	As at 31 March 2023	Additions	Deletions	As at 31 March 2024	As at 31 March 2023	For the Year	Deletions	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	
Tangible Assets											
Freehold land	32.25	-	-	32.25	-	-	-	-	32.25	32.25	
Leasehold land*	54.86	-	-	54.86	-	-	-	-	54.86	54.86	
Building	346.75	-	-	346.75	211.09	4.67	-	215.76	135.66	130.99	
Plant and equipment	11,210.21	1,862.78	-	13,072.98	4,197.69	520.48	-	4,718.17	7,012.52	8,354.81	
Vehicles	226.74	-	-	226.74	143.12	21.09	-	164.21	83.62	62.53	
Effluent Treatment Plant	532.75	-	-	532.75	489.13	10.73	-	499.87	43.62	32.88	
R & D Laboratory Equipments	28.48	-	-	28.48	22.39	1.19	-	23.58	6.09	4.90	
Furniture and fixtures	35.30	3.65	-	38.95	27.91	1.98	-	29.89	7.39	9.06	
Factory equipments	3.91			3.91	3.70	-	-	3.70	0.21	0.21	
Computers	-	-	-	-	-						
Office equipments	107.04	6.93	-	113.97	94.90	1.93	-	96.83	12.14	17.14	
Total	12,578.28	1,873.36	-	14,451.65	5,189.93	562.07	-	5,752.00	7,388.35	8,699.63	
Capital work-in-progress	1,938.96	704.73	1,862.78	780.91	-	-	-	-	1,938.96	780.91	
Total	14,517.24	2,578.09	1,862.78	15,232.56	5,189.93	562.07	-	5,752.00	9,327.31	9,480.54	

Note : 1. All the above property, plant and equipment are owned by the company.

2. Depreciation on property, plant and equipment has been included under 'depreciation and amortization expense' in the statement of profit and loss.

3. Property Plant and equipment given as security for borrowing (refer note No. 13 & 16)

3A 1. Age wise details of Capital work in progress

Particulars	As at March 31,2024	As at March 31,2023
Project in progress		
< 1 Year	256.73	312.66
1-2 Year	524.18	1,241.09
2-3 Year	-	385.21
> 3 Year	-	-
	780.91	1938.96

3A 2. Above project is not overdue and not exceeds its cost of original plan as at the reporting date.



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Notes to the financial statements for the year ended 31 March 2024

(All amounts are in Rupees Lacs, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
4' Other non-current financial assets (Unsecured, Considered Good)		
Security Deposits	51.71	64.46
Bank balance on deposit accounts	-	0.55
	<u>51.71</u>	<u>65.01</u>
5' Other non-current assets (Unsecured, Considered Good)		
Capital Advance	26.10	53.37
Interest accrued but not due	-	0.77
	<u>26.10</u>	<u>54.14</u>
6' Inventories (Valued at lower of cost or net realisable value except waste at net realisable value)		
Raw Materials & Components	265.73	350.79
Work-in-Progress	1,196.37	1,364.72
Finished Goods	98.12	137.21
Stores & Spares	347.99	232.47
Others	195.09	162.17
	<u>2,103.30</u>	<u>2,247.36</u>
7' Trade receivables Unsecured		
Considered Good	906.34	780.59
Others		
Credit Impaired	13.81	8.74
	<u>920.15</u>	<u>789.33</u>
Less : Allowances for credit losses	13.81	8.74
	<u>906.34</u>	<u>780.59</u>

(a) Trade Receivables are hypothecated to secured short term borrowings (Refer note 16)

(b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

(c) **Trade Receivables aging schedule**

Outstanding for following periods from due date of payment

As at March 31, 2024	Outstanding for following periods from due date of payment						
	Not due	Up-to 6 Month	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed							
Considered good		893.67	9.30	0.59	2.78	-	906.34
which have significant increase in credit risk							-
Credit Impaired			1.03	5.3	6.53	0.95	13.81
Disputed							
Considered good							-
which have significant increase in credit risk							-
Credit Impaired						-	-



As at March 31, 2023	Outstanding for following periods from due date of payment						
	Not due	Up-to 6 Month	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed							
Considered good		760.7	16.56	3.33	-	-	780.59
which have significant increase in credit risk				3.58	4.21	0.95	8.74
Credit Impaired							-
Disputed							
Considered good							-
which have significant increase in credit risk							-
Credit Impaired							-

* Ageing of debtor on FIFO basis of payments

(All amounts are in Rupees Lacs, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
8' Cash and cash equivalents		
Balances with Banks		
in Current Accounts with Scheduled Bank	1.59	0.74
Cash on hand	19.40	14.66
	<u>20.99</u>	<u>15.40</u>
9' Other bank balances		
Earmarked balances with banks:		
in Deposit Accounts held as Margin Money	24.74	19.46
	<u>24.74</u>	<u>19.46</u>
10' Other current Financial assets (Unsecured, Considered Good)		
Interest Accrued on deposits	0.06	0.08
	<u>0.06</u>	<u>0.08</u>
11' Other Current assets (Unsecured, Considered Good)		
Advances Recoverable in cash or in kind	99.48	49.04
Prepaid Expenses	20.99	18.37
Recoverable from Statutory Authorities	478.45	551.06
	<u>598.92</u>	<u>618.47</u>
12' Share capital		
Authorised:		
1,50,00,000 (Previous Periods 1,50,00,000) Equity Shares of Rs.10/- each	1,500.00	1,500.00
Issued, subscribed & fully paid up:		
1,50,00,000 (Previous Periods 1,50,00,000) Equity Shares of Rs.10/- each	1,500.00	1,500.00
	<u>1,500.00</u>	<u>1,500.00</u>

a. Terms and rights attached to equity shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same other than interim dividend, is subject to the approval of the shareholders in the Annual General Meeting.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

b. Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity Shares outstanding as at 01.04.2023	1,50,00,000
Equity Shares allotted during the year	-
Equity Shares outstanding as at 31.03.2024	1,50,00,000

c. Shareholders holding more than 5% shares in the company

Name of shareholder	As at 31st March, 2024		As at 31st March, 2023	
	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
(i) Siddhant Kothari	37,27,000	24.85	37,27,000	24.85
(ii) Chaudhry Brother Traders & Builders Pvt. Ltd.	29,45,000	19.63	29,45,000	19.63
(iii) Pramod Kumar Kothari-HUF	24,51,100	16.34	24,51,100	16.34

d. Details of Shareholding of Promoters:

Shares held by promoters at the end of the year	As at 31st March, 2024			As at 31st March, 2023		
	Number of shares	% of shares	% increase/ (decrease) during the year	Number of shares	% of shares	% increase/ (decrease) during the year
Pramod Kumar Kothari	714200	4.76	0	714200	4.76	0
Pramod Kumar Kothari HUF	2451100	16.34	0	2451100	16.34	0
Kavita Devi Kothari	730800	4.87	0	730800	4.87	0
Sampat Devi Kothari	367300	2.45	0	367300	2.45	0
Siddhant Kothari	3727000	24.85	0	3727000	24.85	0
Motilal Kothari HUF	301800	2.01	0	301800	2.01	0
Chaudhry Brothers Traders and Builders Private Limited	2945000	19.63	0	2945000	19.63	0

(All amounts are in Rupees Lacs, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
13' Borrowings		
(i) Secured		
(a) Term Loans From a Bank	1,213.80	1,559.59
(b) Vehicle Loan From a Bank	14.01	20.00
	<u>1,227.81</u>	<u>1,579.59</u>
Less : Current maturity of long term borrowings disclosed under "Short Term Borrowings" (Refer Note no.- 16)	552.99	491.20
Total (i)	<u>674.82</u>	<u>1,088.39</u>
(ii) Unsecured		
- from Others (Unsecured) (From Related Party)	1,955.73	1,719.59
- from Others (Unsecured)	231.71	10.00
Total (i+ii)	<u>2,862.26</u>	<u>2,817.98</u>

a. Securities

- (a) Loan outstanding at the end of current financial year of Rs. 547.14 (As at 31st March'2023 Rs. 285.57) carrying interest @ 9.85 % to 10% p.a. is repayable in monthly intallments as per the terms of sanction. The same is secured by an immovable property owned by one of the director and one of the promoters of the company and also secured by personal guarantee of two directors of the company. Loans taken for purchase/ installation of various plant & machineries and other fixtures, outstanding at the end of current financial year of Rs. 1213.80 (As at 31st March'2023 Rs. 1274.02) carries interest @ 11.35% to 12.75% p.a. The same is repayable in



monthly installments as per their terms of sanctions and secured by hypothecation of the respective plant and machineries and other fixtures required for its operations and carry a pari passu charge on stock and debtors which are also hypothecated for CC Limit.

(b) Secured by hypothecation of the vehicle financed

b. Terms of Repayments of Non-Current Portion:

Rate of Interest	Repayment Periodicity	Installments Outstanding		Total Amount	
		As at 31st March'2024	As at 31st March'2023	As at 31st March'2024	As at 31st March'2023
11.35% to 12.75% (previous year 9.40 to 12.75%) linked with MCLR *	Monthly Graded	12 to 58	6 to 70	674.82	1,088.39

As at
31 March 2024 As at
31 March 2023

14' Long-term provisions

Provision for employee benefits	398.02	354.28
	<u>398.02</u>	<u>354.28</u>

15' Deferred tax liabilities (net)

A. Movement in deferred tax balances

	As at 31 March 2023	Recognized in P&L	Recognized in OCI	As at 31 March 2024
Deferred Tax Assets				
MAT Credit Entitlement @	265.32	-	265.32	
Employees Separation and Retirement Exp.	85.14	3.44	1.00	89.58
Accrued expenses allowable on payment basis	27.45	(4.49)	22.96	
Sub- Total (a)	377.91	(1.05)	1.00	377.86
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference in depreciation in tax account and depreciation/ amortization for financial reporting	949.32	97.57	-	1,046.89
Sub- Total (b)	949.32	97.57	-	1,046.89
Net Deferred Tax Liability (b)-(a)	571.41	98.62	(1.00)	669.03
	As at 31 March 2022	Recognized in P&L	Recognized in OCI	As at 31 March 2023
Deferred Tax Assets				
MAT Credit Entitlement @	245.41	19.91	265.32	
Employees Separation and Retirement Exp.	77.03	11.24	(3.13)	85.14
Other Timing Differences	20.52	6.94	27.45	
Sub- Total (a)	342.95	38.09	(3.13)	377.91
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference in depreciation in tax account and depreciation/ amortization for financial reporting	908.49	40.83	-	949.32
Sub- Total (b)	908.49	40.83	-	949.32
Net Deferred Tax Liability (b)-(a)	565.53	2.75	3.13	571.41

@ The Company has recognised MAT Credit Entitlement. The Company has concluded that the deferred tax assets on MAT Credit Entitlement will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Company is expected to generate taxable income in near future. The MAT Credit Entitlement can be carried forward as per local tax regulations and the Company expects to recover the same in due course.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

B. Amounts recognised in profit or loss

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense	-	6.93
Current year	-	6.93
Deferred tax expense		
Origination and reversal of temporary differences	98.62	22.65
MAT Credit Entitlement	-	(19.91)
	98.62	2.75
Total Tax Expense	98.62	9.68

C. Amounts recognised in Other Comprehensive Income

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Before tax	Tax (Expense)/ Income	Net of tax	Before tax	Tax (Expense)/ Income	Net of tax
Remeasurements of defined benefit liability	(3.85)	1.00	(2.85)	11.26	(3.13)	8.13
	(3.85)	1.00	(2.85)	11.26	(3.13)	8.13

D. Reconciliation of Income Tax Expense

	For the year ended 31 March 2024 Amount	For the year ended 31 March 2023 Amount
Profit before tax from continuing operations	(392.53)	28.85
Tax using the Company's domestic tax rate @ 26.00% (31 March 2023: 27.82 %)	-	8.02
Tax effect of:		
Non-deductible expenses	3.44	11.24
Others	95.18	(9.57)
Income tax expenses reported in the statement of profit and loss	98.62	9.68

16' Short term borrowings

Current maturities of long-term debt	552.99	491.20
Loan repayable on demand (<i>Secured</i>)* - From banks	1,279.85	1,174.54
	1,832.84	1,665.74

* Working Capital Facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the Company, ranking pari-passu inter se. (Refer Note no.40)

17' Trade Payables

For Goods and Services (including acceptances) - Other Than Micro and Small Industries	709.62	831.62
For Goods and Services (including acceptances) - Micro and Small Industries*	260.17	384.80
	969.79	1,216.42



17.1 Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME), have been determined based on the information available with the company and the details of amount outstanding due to them are as given below *:

	For the year ended 31 March 2024 Amount	For the year ended 31 March 2023 Amount
a (i) Principal amount remaining unpaid to any supplier as on	260.17	384.80
(ii) Interest due on principle amount remaining unpaid to any supplier as on	-	-
b Interest paid by the company in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day	-	-
c the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this act	-	-
d the amount of interest accrued and remaining unpaid during the accounting year	-	-
e The amount of further interest remaining due and payable even in the succeeding years, 'untile such date when the interest dues above are actually paid to the small enterprise for purpose of disallowance as a deductible expenditure under section 23 of this act.	-	-

* the necessary disclosure required under MSME Act, 2006 are being made accordingly. However, the company generally makes payment to its suppliers within agreed credit period and thus the management is confident that the liability of interest under this Act, if any, would not be material. Further based on the assessment the management has not provided interest on dues outstanding to MSMEs for more than 45 Days.

17.2 As at March 31, 2024	Outstanding for following periods from due date of payment					
	Not due	Up-to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	-	260.17	-	-	-	260.17
ii) Others	-	709.62	-	-	-	709.62
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-	-
Total	-	-	-	-	-	-

As at March 31, 2023	Outstanding for following periods from due date of payment					
	Not due	Up-to 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	-	384.80	-	-	-	384.80
ii) Others	-	831.62	-	-	-	831.62
iii) Disputed dues-MSME	-	-	-	-	-	-
iv) Disputed dues-others	-	-	-	-	-	-
Total	-	-	-	-	-	-

	As at 31 March 2024	As at 31 March 2023
18' Other financial liabilities		
Creditors for capital goods - Others	343.73	179.30
Creditors for capital goods - MSME	0.22	5.91
	<u>343.95</u>	<u>185.21</u>



	As at 31 March 2024	As at 31 March 2023
19' Other current liabilities		
Credit balance and advances received from customers	24.11	66.43
Statutory dues	65.38	28.09
Others	456.64	137.58
	546.13	232.10
<i>(All amounts are in Rupees Lacs, unless otherwise stated)</i>		
	For the year ended 31 March 2024	For the year ended 31 March 2023
20' Revenue from operations		
Sale of products	10,888.09	11,027.46
Revenue from Operations (Net)	10,888.09	11,027.46
21' Other Income		
Interest income	1.17	2.81
Excess provisions and unspent liabilities written back	3.02	15.70
	4.19	18.51
22' Cost of materials consumed		
Raw material Consumed	5,107.00	5,786.19
	5,107.00	5,786.19
23' Traded Goods		
Purchase of Traded Goods	93.98	-
	93.98	-
24' Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods		
Closing Inventory		
Work-in-Progress	1,196.37	1,364.72
Finished Goods	98.12	137.20
Total (A)	1,294.49	1,501.92
Opening Inventory		
Work-in-Progress	1,364.72	1,239.60
Finished Goods	137.20	130.10
Total (B)	1,501.92	1,369.70
Total (B-A)	207.43	(132.22)
25' Employee benefits expense		
Salaries, Wages and Bonus	898.57	889.97
Contribution to provident and other funds	92.60	93.47
Staff welfare expenses	56.63	54.66
	1,047.80	1,038.10



(All amounts are in Rupees Lacs, unless otherwise stated)

	For the year ended 31 March 2024	For the year ended 31 March 2023
26' Finance cost		
Interest expenses	343.15	281.71
Other borrowing costs	6.44	9.28
	349.59	291.00
27' Other expenses		
Consumption of stores and spares	274.97	188.91
Power, fuel and water charges	2,587.48	2,375.58
Consumption of FBD	-	-
Research & Development	66.16	34.87
<u>Repairs & Maintenance</u>	-	-
- Building	17.38	8.71
- Plant & Machinery	186.73	143.76
- Others	34.48	49.05
Security Expenses	34.38	-
Rent	19.43	39.61
Insurance	24.09	-
Rates and taxes	8.62	9.43
Printing, Postage & Telephone	20.71	20.75
Travelling & Conveyance	63.50	46.32
Legal & Professional Charges	19.11	33.23
Vehicle Running & Maintenance	23.36	-
Auditors Remuneration #	3.61	3.31
Bad Debts/ Claims	4.53	13.09
Handling, Forwarding & Transportation	432.59	368.38
Exchange Rate Flactuation	0.48	-
Miscellaneous expenses	90.26	109.21
Provision for Expected Credit loss	5.07	8.74
	3,916.94	3,452.95
# Details of payments to auditors		
As auditor:		
Statutory audit fee	2.01	1.76
Tax audit fee	0.40	0.35
For limited review	1.20	1.20
	3.61	3.31
28' Earning per share		
Total profit for the year	(491.15)	19.17
Weighted average number of equity shares of Rs. 10/- each (Nos)	1,50,00,000	1,50,00,000
EPS - Basic and Diluted (per share in Rs.)	(3.27)	0.13



(All amounts are in Rupees Lacs, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
29' Contingent liabilities, contingent assets and commitments		
A. Contingent liabilities (not provided for) in respect of:		
(a) Claims against the company towards listing fee for one stock exchange not acknowledged as debt as company has sought delisting from the concerned stock exchanges.	1.36	1.36
(b) Demand of Income Tax amounting to Rs.1100.64 Lakhs under Income Tax Act disputed in Appeal.*	1100.64	981.80
(c) Outstanding Bank Guarantees	168.24	135.80
(d) Duty on export commitment	18.12	18.12
i) *The management based on its assessment of facts, outcome of cases with tax authorities with similar issues and legal advice believes that the Company has a strong chance of favourable decision in above case, hence no provision has been considered necessary for this demand or any interest & penalty. The Company has appealed against the order of The Income Tax Department before the appropriate appellate authority. The matter is also under consideration before Hon'ble Delhi High Court and the company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
ii) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.		
iii) The Company has given Bank Guarantees in respect of certain contingent liabilities included above.		
iv) There is an Estimated Duty Liability of Rs 18.12 lacs on account of export commitment subject to extension of time line by the concerned authority and the same is under consideration before the concerned authority.		
B. Commitments		
Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for	120.91	293.04

30' Segment Reporting

According to Ind AS 108, the identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The Business activity of the company primarily falls in a single business segment viz 'Yeast' and it has expanded into cattle feed product which has a strong synergy with the company's core business. Considering the interlinked nature of the products, the resources are allocated across the company interchangeably and business performance is reviewed as one segment. Thus, in accordance with IND AS-108 – segment reporting, the company's business segment comprises of a single reportable operating segment of "Yeast".

31' Leases

The Disclosure Pursuant of IND AS -116 "Leases" are given herein below:

- (i) Effective From April 1,2019 , The company has adopted IND AS 116 "Leases" Using Modified retrospective approach. There is no material impact on transition to IND AS 116 . further no right of use assets and lease liability was required to be recognized.
- (ii) Following is the summary of Practical Expedients elected on initial application:
 - (a) The company has not reassessed whether a contract is or contains a lease on the date of Initial application
 - (b) The company has applied the exemption available for short term leases (less than 12 months) and leases for low value assets
 - (c) The company has used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
 - (d) The company has relied on its previous assessment on whether the leases are onerous
- (iii) Rental Expenses recorded for Short term leases was Rs. 19.43 lacs for the year ended March 31,2024

32' Borrowing Cost

During the year, the company has capitalized borrowing cost of Rs. 66.09 Lakhs (Previous year Rs. 62.52). The capitalisation rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the entity's general borrowing including term loan and working capital during the year is ~ 10.43 % (Previous Year ~9.92%).



33' Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund Rs. 51.96 (Previous year Rs. 49.09).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the Group Gratuity-cum-life Assurance Cash Accumulation Policy administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2024	31 March 2023
Net defined benefit (liability) / asset	(344.53)	(306.01)
Liability for Gratuity		
Non-current	328.53	305.03
Current	28.08	23.40

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	31 March 2024			31 March 2023		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	328.43	22.42	306.01	300.99	24.09	276.90
Included in profit or loss						
Service costs	19.66	-	19.66	19.07	-	19.07
Interest cost / (income)	24.63	(1.62)	23.01	21.07	(1.81)	19.26
	44.29	(1.62)	42.67	40.14	(1.81)	38.33
Included in OCI						
Premeasurements loss / (gain)						
Actuarial loss / (gain) arising from:						
- demographic assumptions	-	-	-	-	-	-
- financial assumptions	5.36	-	5.36	(10.60)	-	(10.60)
- experience adjustment	(1.83)	-	(1.83)	(2.10)	-	(2.10)
- on plan assets	-	0.33	0.33	-	1.44	1.44
	3.52	0.33	3.85	(12.70)	1.44	(11.26)
Other						
Contributions paid by the employer		8.00	(8.00)	-	(2.04)	2.04
Benefits paid	(19.62)	(19.62)	-	-	-	-
Acquisition adjustment			-			-
	(19.62)	(11.62)	(8.00)	-	(2.04)	2.04
Balance as at 31 March	356.63	12.09	344.53	328.43	22.42	306.01

**C. Plan assets**

	31 March 2024	31 March 2023
Fund managed by insurer	100%	100%
	100%	100%

D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2024	31 March 2023
Discount rate	7.25%	7.50%
Salary Growth Rate	8.00%	8.00%
Mortality (% of ILAM 2012-14)	100%	100%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2024		31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(22.13)	24.73	(21.04)	23.55
Expected rate of future salary increase (1% movement)	24.31	(22.19)	23.21	(21.13)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

- F. Description of Risk Exposures:** Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow - A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability. B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability. C) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

34' Related parties

In accordance with the requirements of Ind AS 24 "Related Party Disclosures", name of the related party, related party relationship, transactions and outstanding balances including commitment where control exists and with whom transactions have taken place during reported periods, are as detail below:

A. Related parties and their relationships**i Member of Board of Directors/ Key Managerial Personnel (KMP)**

Name	Relationship
Mr. Pramod Kumar Kothari	Managing Director
Mrs. Kavita Kothari	Director (Wife of Mr. Pramod Kumar Kothari)
Mr. Siddhant Kothari	Director (Son of Mr. Pramod Kumar Kothari)
*Mr. Prasanna Kumar Pagaria	Non Executive Independent Director
Mr. Hemendra Patsingh Dugar	Non Executive Independent Director
Mr. Piyush Kumar Goel	Non Executive Independent Director
*Dr. Rajiv Aggarwal	Non Executive Independent Director
Mr. Arun Kumar Sekhani	Chief Financial Officer
Mrs. Silky Gupta	Company Secretary

* Dr. Rajiv Aggarwal was appointed as the Non-executive Independent Director w.e.f. 28th August 2023.

* Mr. Prasanna Kumar Pagaria ceased to be the Director w.e.f. 28th August 2023.

ii. Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year

Chaudhry Bros. Traders and Builders Pvt. Ltd.

Kothari Thermoplast Pvt. Ltd.


B. Transactions with the above in the ordinary course of business

			Key Managerial Personnel For the year ended (Rs. In lacs)	
Name	Nature	Category	31 March 2024	'31 March 2023
a) Payments to Key Managerial Personnel and their relatives				
Mr. Pramod Kumar Kothari	Directors' Remuneration	Short Term Employee Benefits	48.00	48.00
	Rent Paid	Others	-	12.00
Mrs. Kavita Kothari	Directors' Remuneration	Short Term Employee Benefits	45.00	45.00
	Rent Paid	Others	-	12.00
Mr. Siddhant Kothari	Salary	Short Term Employee Benefits	12.70	11.50
	Advance	Others	-	-
Chief Financial Officer	Salary	Short Term Employee Benefits	9.18	8.58
Company Secretary	Salary	Short Term Employee Benefits	7.07	6.34

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

b) With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence. are as under

Chaudhry Bros. Traders and Builders Pvt. Ltd				
Rent paid			10.80	10.80
Loan taken			570.35	585.65
Interest paid			114.50	85.52
Kothari Thermoplast Pvt. Ltd.				
Loan taken			139.50	-
Interest paid			5.57	-

	For the year ended	For the year ended
Closing Balance	31 March 2024	31 March 2023

c) With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence. are as under

Chaudhry Bros. Traders and Builders Pvt. Ltd.	Inter Corporate Loans	1852.34	1719.59
Kothari Thermoplast Pvt. Ltd.	Inter Corporate Loans	103.39	-

35' Financial instruments
I. Fair value measurements
A. Following table shows the carrying amounts and fair values of financial assets and financial liabilities:

	As at 31 March 2024		As at 31 March 2023	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Loans				
Non Current	-	-	-	-
Current				
Trade receivables	-	906.34	-	780.59
Cash and cash equivalents	-	20.99	-	15.40
Bank balances other than above	-	24.74	19.46	-
Others				
Non Current	-	51.71	-	65.01
Current	-	0.06	-	0.08
	-	1,003.84	-	880.54



	As at 31 March 2024		As at 31 March 2023	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial liabilities				
Long Term Borrowings	-	2,862.26	-	2,817.98
Other non-current financial liabilities	-	-	-	-
Short terms borrowings	-	1,832.84	-	1,665.74
Trade payables	-	969.79	-	1,216.42
Other current financial liabilities	-	343.95	-	185.21
	-	6,008.84	-	5,885.35

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

There are no financial assets or financial liabilities which are required to be measured at fair value using recurring fair value measurements

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2024			
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2024		As at 31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other non-current financial assets	51.71	51.71	65.01	65.01
Trade receivables	906.34	906.34	780.59	780.59
Cash and cash equivalents	20.99	20.99	15.40	15.40
Bank balances other than above	24.74	24.74	19.46	19.46
Other current financial assets	0.06	0.06	0.08	0.08
	1,003.84	1,003.84	880.54	880.54



	As at 31 March 2024		As at 31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Borrowings	2,862.26	2,862.26	2,817.98	2,817.98
Other non-current financial liabilities	-	-	-	-
Short term borrowings	1,832.84	1,832.84	1,665.74	1,665.74
Trade payables	969.79	969.79	1,216.42	1,216.42
Other current financial liabilities	343.95	343.95	185.21	185.21
	6,008.84	6,008.84	5,885.35	5,885.35

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans, security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:- credit risk; - liquidity risk; and - market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Management of the Company.

More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according



KOTHARI FERMENTATION AND BIOCHEM LIMITED

to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach as permitted by IND AS-109 for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of loss allowances of trade receivables is Rs. 906.34 (31 March 2023– Rs. 780.59).

Ageing of trade receivables are as under:-

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31.03.2024	893.67	9.30	3.37	906.34
As at 31.03.2023	760.70	16.56	3.33	780.59

The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31 March 2024	31 March 2023
Opening balance	8.74	-
Changes in loss allowance	5.07	8.74
Closing balance	13.81	8.74

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through caproate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2024	As at 31 March 2023
Floating rate		
Expiring within one year (bank overdraft and other facilities)	20.15	38.39
Expiring beyond one year (bank loans)	-	250.00
	20.15	288.39

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

**(b) Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

	Carrying Amounts			Contractual cash flows		
	31 March 2024	Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3415.25	3,415.25	552.99	594.16	2,268.10	-
Short term borrowings	1279.85	1279.85	1279.85	-	-	-
Trade & Other payables	1313.74	1313.74	1313.74	-	-	-
Total non-derivative liabilities	6008.84	6008.84	3146.58	594.16	2268.10	-

	Carrying Amounts			Contractual cash flows		
	31 March 2023	Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3309.18	3309.18	491.20	863.22	1,954.76	-
Short term borrowings	1174.54	1174.54	1,174.54	-	-	-
Trade & Others payables	1401.63	1401.63	1,401.63	-	-	-
Total non-derivative liabilities	5,885.35	5,885.35	3,067.37	863.22	1,954.76	-

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out within the guidelines set by the Board of Directors.

v. Currency risk

Foreign currency exposure not hedged by derivatives instrument or otherwise :

	31 March 2024	31 March 2023
i. Receivable	-	-
ii. Payable*	-	20.00

*total outstanding of payables in foreign currency as on 31.03.24 is NIL (31.03.23 :Euro 22400)

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2024 and 31 March 2023, the Company's borrowings at variable rate were denominated in Indian Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.



	Nominal Amount	
	31 March 2024	31 March 2023
Fixed-rate instruments		
Financial assets	76.45	84.48
Financial liabilities	-	
	76.45	84.48
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	4,695.10	4,483.72
	4,695.10	4,483.72

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
31 March 2024				
Variable-rate instruments	23.48	(23.48)	16.94	(16.94)
Cash flow sensitivity	23.48	(23.48)	16.94	(16.94)
31 March 2023				
Variable-rate instruments	22.42	(22.42)	16.18	(16.18)
Cash flow sensitivity	22.42	(22.42)	16.18	(16.18)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

36' Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

37' Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

Particulars	31.03.2024	31.03.2023
Equity Share Capital	1,500.00	1,500.00
Other Equity	4,090.68	4,584.68
Total Equity	5,590.68	6,084.68
Non-Current Borrowings	2,862.26	2,817.98
Current maturities of Non-Current Borrowings	552.99	491.20
Current Borrowings	1,279.85	1,174.54
Total Debts	4,695.11	4,483.72
Capital and Net debt	10,285.79	10,568.40
Gearing Ratio	46%	42%



38 Ratio analysis and its Components

Ratio

Particulars	31st March 2024	31st March 2023	% Change from 31st March 2023 to 31st March 2024	Reason for deviations
Current Ratio	0.99	1.12	-11%	Change is due to reduction in profits on account of reduced margins.
Debt- Equity Ratio	0.84	0.74	14%	
Debt Service Coverage Ratio	0.50	1.11	-41%	
Return on Equity Ratio	-8.41%	0.32%	-2765%	Change is due to reduction in profits on account of reduced margins.
Inventory Turnover Ratio	5.01	5.42	-8%	Change is due to decrease in sales & net working capital
Trade Receivable Turnover ratio	12.91	16.37	-21%	
Trade Payable Turnover Ratio	4.67	5.39	-13%	
Net Capital Turnover Ratio	-283.87	28.88	-1083%	
Net Profit Ratio	-4.51%	0.17%	-2695%	
Return on Capital Employed	-0.39%	2.87%	-114%	Change is due to reduction in profits on account of reduced margins.
Return on Investment	NA	NA	NA	

Components of Ratio

Ratio	Numerator	Denominator
Current Ratio	Current Assets	Current Liabilities
Debt- Equity Ratio	Total Debts	Total Equity (Equity Share Capital + Other Equity)
Debt Service Coverage Ratio	Earning available for debt service (Net profit after taxes + Depreciation & amortization + Finance cost + Non cash operating items + other adjustment)	Finance cost + Principal repayment of long term borrowing during the year
Return on Equity Ratio	Net Profit after Tax	Average total Equity [(opening equity share capital + opening other equity + closing equity share capital + closing other equity)/2]
Inventory Turnover Ratio	Revenue from operations	Average inventory [(opening balance + closing balance)/2]
Trade Receivable Turnover ratio	Revenue from operations	Average trade receivable [(opening balance + closing balance)/2]
Trade Payable Turnover Ratio	Cost of material consumed and purchase of stock in trade	Average trade Payable [(opening balance + closing balance)/2]
Net Capital Turnover Ratio	Revenue from operations	Working capital (Current assets - current liabilities)
Net Profit Ratio	Net Profit after Tax	Revenue from operations
Return on capital Employed	Before profit interest & Tax (before exceptional items)	Total Equity + Total Debts + Deferred tax liabilities
Return on Investment	Interst income on fixed deposits + profit on sale of investments + income of investment - impairment on value of investment	Current Investments + Non current Investments +Fixed deposit with banks



KOTHARI FERMENTATION AND BIOCHEM LIMITED

39 Other Statutory Informations :

- i) There are no balance outstanding on account of any transaction with the companies struck off under section 248 of the company Act , 2013 or section 56 of company Act,1956.
- ii) The Company does not have more than two layers of subsidiary as prescribed under section 2 (87) of company Act, 2013 read with companies (Restriction number of layers) Rules, 2017.
- iii) The Company has not advanced or loaned or invested fund to any other persons or entity including foreign entities (intermediary) with the understanding (whether recorded in writing or otherwise) that the company shall :
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiary) or
 - b) provided any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- iv) The company has not received any fund from any person or entities including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall :
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiary) or
 - b) provided any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- v) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax act,1961.
- vi) The Company is not declared as willful defaulter by any bank or financial institution or other lender.
- vii) There are no charges or satisfaction thereof which are yet to be registered with ROC beyond the statutory period.

40 Disclosure on Bank/ Financial institutions compliances

The quarterly statements including revision thereon of inventories and trade receivable filed by the company with banks/ financial institution are in agreement with the books of accounts.

Summary of reconciliation of quarterly statements of current assets filed by the company with banks are as below:

Particulars	For the quarter ended	Amount as per books of account	Amount as reported to Bank	Amount of Difference	Reason
Inventories and Trade receivables	31-03-2024	3009.63	2710.21	299.42	Difference in value due to estimation and actual stock valuation done by the management
	31-12-2023	2715.93	2700.86	15.07	
	30-09-2023	2796.47	2784.33	12.15	
	30-06-2023	3027.95	2874.22	153.73	

Particulars	For the quarter ended	Amount as per books of account	Amount as reported to Bank	Amount of Difference	Reason
Inventories and Trade receivables	31-03-2023	3027.95	2852.01	175.95	Difference in value due to estimation and actual stock valuation done by the management
	31-12-2022	2958.81	2956.91	1.89	
	30-09-2022	3009.65	2896.32	113.33	
	30-06-2022	2688.59	2592.53	96.06	

The accompanying notes are an integral part of these financial statements
As per our report of even date attached.

For M/s. Kothari Kuldeep & Co.
Chartered Accountants
Firm Regn. No. 015960C

For and on behalf of the Board of Directors of
Kothari Fermentation and Biochem Limited

Kuldeep Kothari
Partner
Membership No - 413714

Pramod Kumar Kothari
Chairman & Managing Director
DIN:00086145
20-06-2024

Siddhant Kothari
Whole Time Director
DIN: 08620559

Rajiv Agarwal
Director
DIN:07079724

Place : Delhi
Date : 30/05/2024

Arun Kumar Sekhani
Chief Financial Officer

Silky Gupta
Company Secretary
ACS-57285



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AND BIOTECHNOLOGY**



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KOTHARI FERMENTATION AND BIOCHEM LIMITED

(AN ISO 22000 : 2018 & KOSHER CERTIFIED COMPANY)

(CIN: L72411DL1990PLC042502)

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