



KOTHARI FERMENTATION AND BIOCHEM LTD.

BOARD OF DIRECTORS	MOTI LAL KOTHARI	CHAIRMAN & MANAGING DIRECTOR
	PRAMOD KOTHARI	DIRECTOR
	DR. H.C. BHANDARI	DIRECTOR
	VIKAS BARDIA	DIRECTOR
	BACHH RAJ DUGAR	DIRECTOR
	MOHAN LAL	DIRECTOR (IDBI NOMINEE)

COMPANY SECRETARY SUBHASH C AGRAWAL

BANKERS

ALLAHABAD BANK
STATE BANK OF INDIA
STATE BANK OF HYDERABAD
STATE BANK OF BIKANER & JAIPUR
PUNJAB NATIONAL BANK

AUDITORS

C.M. JAIN & ASSOCIATES
NEW DELHI

REGISTERED OFFICE

16, COMMUNITY CENTRE
1ST FLOOR, SAKET,
NEW DELHI-110017

FACTORY

VILLAGE RAJARAMPUR,
INDUSTRIAL AREA, SIKANDRABAD,
DISTT. BULANDSHAHR (U.P.)

SHARE TRANSFER AGENT

SHREE BALAJEE COMPUTER SERVICES
28-B/4, JIA SARAI, NEAR I.I.T. GATE,
HAUZ KHAS, NEW DELHI-110016

KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of the members of 'Kothari Fermentation and Biochem Limited' will be held on Tuesday the 24th day of September, 1997 at 10.00 A.M. at "PHD House" PHD Chamber of Commerce & Industry, Opp. Asian Games Village, New Delhi 110016, to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 1997 and the Balance Sheet as at 31st March, 1997, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bachh Raj Duggar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

AS SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification(s), the following resolutions :

4. "RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money within the limits of Rs.35 Crores (Rupees Thirty Five Crores only) on such security and on such terms and conditions in all respects as the Board may deem fit; by way of foreign and/or domestic loans, with repayment conditions as may be attached at the time of granting the loan, from any agency/Bank/Financial Institution, etc. operating within or outside India for the purpose; notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans for working capital in the nature of overdraft, cash credit, working capital direct loan, etc. obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate

of the paid up capital of the Company and its free reserves at any time; that is to say, reserve not set apart for any specific purpose.

5. RESOLVED THAT the consent of the company be and is hereby accorded u/s.293(1)(a) of the Companies Act, 1956, to the Board of Directors to mortgage and/or charge any of its movable and/or immoveable properties wherever situated, both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company (save and except the current assets that may be hypothecated and/or pledged in favour of the Company's bankers for securing borrowings for working capital requirement) on such terms and in such manners as the Board of Directors may think fit, for securing any foreign and/or domestic loans, to be obtained from any institution(s) whether financial or otherwise or any bank or any other agency for the purpose operating within or outside India, in any form and all interests, compound/ additional interest, commitment charges, costs, charges, expenses and all other monies payable by the Company to the concerned lenders, within the overall limit of Rs.35 Crores (Rupees Thirty Five Crores only).

RESOLVED FURTHER THAT the board be and is hereby authorised to finalise with such lender, the documents for creating the aforesaid mortgage and/or charge and to do all such acts, matters, deeds and things as may be necessary, usual or expedient for giving effect to this resolution and also to agree to any amendments thereto from time to time as it may think fit."

By order of the Board
for KOTHARI FERMENTATION AND BIOCHEM LTD.

(SUBHASH C. AGRAWAL)
Company Secretary

Regd. office :
16, Community Centre,
1st Floor, Saket, New Delhi- 110 017.

Dated: 16th August, 1997.

**NOTES**

1. a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a Member.
- b) Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
- c) Member / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
2. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
3. Members who are holding shares in identical names in more than one folio are requested to write to the Company/Share Transfer Agent to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/Share Transfer Agent any change in their address with the postal area pin code number quoting their folio number.
4. Register of Members of the Company will remain closed from 19th August, 1997 to 1st September, 1997 (both days inclusive) for the purpose of Annual General Meeting.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready at the time of Annual General Meeting.
6. The Management is confident of share holder co-operation for the smooth conduct of the meeting and their appreciation of the management's decision of not distributing gifts at the meeting in order to be fair to all Members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 4 AND 5

With the liberalised policy of Govt. of India, allowing the corporates to raise foreign borrowings, which are available at comparatively cheaper rates of interest, and since the company is already having its presence in international market, your directors wish to enhance export and import activities, which will need large funds. Hence, the directors wish to propose the passing of ordinary resolution as per item no. 4 of the notice, for borrowing from outside India in the manner and on terms and conditions as may be decided upon.

The approval of members is also sought to enable the company to mortgage and/or hypothecate its properties in favour of lenders for borrowing to the extent of Rs. 35 crores including interest and other charges as set out in the resolution under item no. 5 of the notice.

Your Directors, therefore, recommend the resolutions for your approval.

None of the Directors of the Company is, in any way, interested in these resolutions.

By order of the Board
for KOTHARI FERMENTATION AND BIOCHEM LTD.

(SUBHASH C. AGRAWAL)
Company Secretary

Regd. office :
16, Community Centre,
1st Floor, Saket, New Delhi- 110 017.

Dated: 16th August, 1997.

DIRECTORS' REPORT

TO
THE MEMBERS
KOTHARI FERMENTATION AND BIOCHEM LTD.

Your directors are pleased to present the 7th Annual Report together with the Audited Accounts for the year ended on 31st March, 1997 :

1. FINANCIAL RESULTS

	1996-97 (Rs.in lacs)	1995-96 (Rs.in lacs)
TURNOVER	4500.64	7038.80
PROFIT BEFORE INTEREST & DEPRECIATION	261.59	439.69
INTEREST	172.71	175.48
DEPRECIATION	60.08	58.15
PROFIT BEFORE TAX	28.80	206.06
TAX	—	—
PROFIT AFTER TAX	28.80	206.06

2. DIVIDEND

Due to inadequacy of profits, your directors considered it wise to retain the same for the Company's own use, ensuring higher returns to our esteemed share holders in the years to come.

3. OPERATIONS

The company has carried out manufacturing and trading activities during the year smoothly. The company has exported yeast to our neighbouring countries, the Middle East and the U.K during the year 1996-97.

The increase in cost of electricity and diesel and delay in getting allotment of molasses, which forced the Company to procure molasses from the open market at a higher price, resulted in an increased manufacturing cost during 1996-97. Further, during 1995-96 the company achieved higher turnover due to exports to the tune of Rs. 36.43 crores earning good amount of profits, whereas the company could make nominal exports during 1996-97.

4. CURRENT YEAR'S OUTLOOK

Your directors are pleased to inform you that the Company has been allotted molasses by the U.P.Govt. for the Current year at controlled prices. Further, there has been an increase in the selling prices of yeast. The company is making serious

efforts to do exports of yeast as well as of commodities in current year. The directors thus expect better performance in the current year.

5. FIXED DEPOSITS

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

6. DIRECTORS

Shri K.S.Mehta resigned from directorship of the company due to his pre-occupations. The Board places on records its sincere appreciation for the contribution and support of Shri K.S.Mehta during his tenure.

Shri Bachh Raj Duggar is retiring from the board by rotation and being eligible offers himself for reappointment. The board recommends his appointment as a director.

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

The statement containing the necessary information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed to this report.

8. RESEARCH & DEVELOPMENT / DIVERSIFICATION PROJECTS

The company is regularly carrying out research and development activities to further upgrade the qualities of its products to meet international standards.

9. PERSONNEL

Your company continues to keep harmonious relations with all its employees. There is no employee in the company drawing salary more than the limit prescribed under Sec. 217 (2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975.

10. AUDITORS

M/s C.M. Jain & Associates, Chartered Accountants, Statutory Auditors of your company hold office until the conclusion of the seventh Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

11. ACKNOWLEDGEMENTS

The directors wish to thank and deeply acknowledge the cooperation, assistance and support extended by the Central Govt., the State Government, the Financial Institutions, the Company's bankers, the shareholders, the dealers and vendors of the company.

The directors also wish to place on record their appreciation for the all-round co-operation and

contribution made by the employees at all levels

For and on behalf of the Board

MOTI LAL KOTHARI
Chairman &
Managing Director

PRAMOD KOTHARI
Dr. H.C. BHANDARI
Directors

Place : New Delhi
Date : 16th August, 1997.

ANNEXURE TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

POWER AND FUEL CONSUMPTION

	FOR THE YEAR ENDED ON 31ST MARCH, 1997	FOR THE YEAR ENDED ON 31ST MARCH, 1996
a) Electricity		
Units Consumed	30,98,841	29,57,707
Total Amount (Rs. in Lacs)	103.29	91.92
Rate/Unit Rs.	3.33	3.11
b) Furnace Oil/L.D.O.		
Quantity (litres)	3,55,076	2,85,147
Total Amount (Rs. in Lacs)	24.69	17.96
Average Rate per Ltr. (Rs.)	6.95	6.30

2. RESEARCH AND DEVELOPMENT

Expenditure of R & D

a) Capital (Rs. in lacs)	0.26	0.16
b) Recurring (Rs. in lacs)	5.80	4.52
c) Total (Rs. in lacs)	6.06	4.68
d) Total R & D expenditure as percentage of turnover	0.85	0.65

3. FOREIGN EXCHANGE EARNINGS AND OUTGO.

Foreign exchange earnings (Rs. in lacs)	21.25	5056.82
Foreign exchange outgo towards trading activities of pulses, etc. (Rs. in lacs)	2331.75	2507.73