

9th
Annual Report
1998-99

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KOTHARI FERMENTATION AND BIOCHEM LIMITED

**KOTHARI FERMENTATION AND BIOCHEM LIMITED****BOARD OF DIRECTORS**

MOTILAL KOTHARI	CHAIRMAN & MANAGING DIRECTOR
PRAMOD KOTHARI	DIRECTOR
DR. H.C. BHANDARI	DIRECTOR
VIKAS BARDIA	DIRECTOR
MOHAN LAL	DIRECTOR (IDBI NOMINEE)

COMPANY SECRETARY**S.C. AGRAWAL****BANKERS**

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

AUDITORS

C.M. JAIN & ASSOCIATES
NEW DELHI

REGISTERED OFFICE

16, COMMUNITY CENTRE
1ST FLOOR, SAKET
NEW DELHI - 110 017

FACTORY

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

SHARE TRANSFER AGENT

SHREE BALAJEE COMPUTER SERVICES PVT. LTD.
A-39-40, 2ND FLOOR,
W.H.S., KIRTI NAGAR,
NEW DELHI-110015

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KOTHARI FERMENTATION AND BIOCHEM LIMITED

KOTHARI FERMENTATION AND BIOCHEM LTD.

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

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of the members of 'Kothari Fermentation and Biochem Limited' will be held on Monday the 27th day of September, 1999 at 10 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, 1999 and the Balance Sheet as at 31st March, 1999 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vikas Bardia 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. As an ordinary resolution:

"RESOLVED that pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Shri Moti Lal Kothari, as the Managing Director and Shri Pramod Kothari, as the Whole Time Director of the Company for a period of five years w.e.f. September 1, 1999 on the terms and conditions as set out below:

SALARY

Shri M.L. Kothari Rs. 20,000/- per month
Shri Pramod Kothari Rs. 15,000/- per month

- a) Provision of furnished accommodation or payment of HRA in lieu thereof, subject to maximum of 60% of salary. Expenses on maintenance of accommodation

including servant, gas, electricity and water shall be borne by the Company.

- b) The Company shall provide a car with driver and incur all expenses for the same for Company's business. However, if the car is used for private purposes, the perquisite shall be computed as per Income Tax Act, 1961.
- c) Telephone will be provided at residence. However, all the long distance personal calls shall be paid by the Managing Director and Whole Time Director respectively.
- d) The Company shall reimburse medical and hospital expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.
- e) Personal accident insurance as per the rules of the Company.
- f) Gratuity shall be payable as per rules of the company.
- g) Reimbursement of leave travel concession to self and their family once in a year as per rules of the company.
- h) The Managing Director and Whole Time Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof.

"RESOLVED FURTHER that in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Managing Director and Whole Time Director shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof.

5. As a Special Resolution

"RESOLVED that pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members and copies of all Annual Returns prepared under Sections 150, 151 and 159 respectively, of the



KOTHARI FERMENTATION AND BIOCHEM LIMITED

Companies Act, 1956, together with copies of the certificates and documents required to be annexed thereto under Section 161 of the said Act, may also be kept at the premises of company's Share Transfer Agents, Shree Balajee Computer Services Pvt. Ltd., A-39-40, (2nd floor) W.H.S., Kirti Nagar, New Delhi - 110015."

6. As a Special Resolution

"RESOLVED THAT subject to applicable provisions of the Companies Act, 1956 (including any statutory modifications, guidelines or re-enactment thereof for the time being in force and as may be amended from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary from the Securities and Exchange Board of India (SEBI), Stock Exchange(s), Central Government or such other authorities and subject to such conditions and modifications as may be prescribed or enforced while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board"), the consent of the company be and is hereby accorded to the Board to de-list the equity shares of the company from the Calcutta Stock Exchange, Jaipur Stock Exchange and Gauhati Stock Exchange."

"RESOLVED FURTHER that the Board be and is hereby authorised to do such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution and also to agree to any modifications thereto from time to time as it may think fit."

7. As ordinary resolution:

"RESOLVED THAT the fact of erosion of more than 50% peak net worth of the company as per the audited annual accounts as on 31st March, 1999 approved by the members, be and is hereby noted and taken on record.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to report and/or to make application/petition before the Board for Industrial & Financial Reconstruction (BIFR) or with other Statutory Authority, if any, in such form as may be prescribed by BIFR/such authority or otherwise, and to authorise any person to do all or any of the aforesaid acts."

By order of the Board

for KOTHARI FERMENTATION & BIOCHEM LTD.

Regd. Office:

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

(S.C. AGRAWAL)

Company Secretary

Dated: 28th August, 1999

NOTES

1. a) A Member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member.
b) Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
c) Members/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 31st August, 1999 to 30th September, 1999 (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 shareholders' 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.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Shri Moti Lal Kothari is the Managing Director since 10.04.1992 and Shri Pramod Kothari is Whole Time Director of the company since 01.04.1992. The terms and conditions of their appointment were revised for 5 years w.e.f. 01.09.94 by passing the ordinary resolutions by you at the Annual General Meeting held on 29.09.94. Their term expires on 31.08.1999. The board of directors decided to re-appoint Shri Moti Lal Kothari as Managing Director and Shri Pramod Kothari as Whole Time Director for a period of five years w.e.f. 01.09.99 on the existing terms and conditions in accordance with the provisions of schedule XIII to the Companies Act, 1956. Their appointment and remuneration payable is subject to approval of the shareholders.

The directors recommend the resolution for your approval.

None of the Directors except Shri Moti Lal Kothari, Shri Pramod Kothari and Shri Vikas Bardia are concerned or interested in this resolution.

ITEM NO. 5

Under Section 163 of the Companies Act, 1956, certain documents as mentioned in the Resolution, are required to be kept at the Registered Office of the Company. However, they may be kept at any other place with the approval of the shareholders. A special resolution was passed by the shareholders in the Annual General Meeting held on 27th September, 1993 to keep these documents at the office of the Company's share transfer agents at M/s Shree Balajee Computer Services, 27-K, Jia Sarai (Near IIT Gate), Hauz Khas, New Delhi - 110 016. Now the transfer agent has corporatised themselves as Shree Balajee Computer Services Pvt Ltd. and changed their address. It is proposed to keep these documents at Shree Balajee Computer Services Pvt. Ltd., A-39-40, (2nd floor) W.H.S., Kirti Nagar, New Delhi - 110015."

The directors recommend the resolution for your approval. None of the Directors of the company is concerned or interested in this resolution.

ITEM NO. 6

The Shareholders had passed a special resolution in the annual general meeting held on 24th day of September, 1998 for de-listing of equity shares of the company from the Stock Exchanges situated at Calcutta, Jaipur and Gauhati. But too much of time was elapsed in getting the clarifications sought from stock exchanges. Though there is no requirement, as per guidelines, to get the resolution passed afresh, but as an abandon precaution, the resolution is placed for your approval. The company proposes to complete all the legal formalities and comply the rules, as may be framed by the relevant authorities, in this respect.

The directors recommend the resolution for your approval. None of the Directors of the company is concerned or interested in this resolution.

ITEM NO. 7

The net worth of the Company, consisting of paid up capital after reducing Miscellaneous Expenditure not written off, stands at Rs. 5,99,56,023/- as on 31st March, 1999, while the losses upto that date stands at Rs. 4,66,30,250/-, thereby eroding the net worth of the Company by more than 50%. The losses have mainly occurred due to incidence of heavy interest, claims relating to exports made in earlier years and reversal of income accrued in previous year. The Company has to report the fact of such erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR) u/s 23 of The Sick Industrial Companies (Special Provisions) Act, 1985, after considering the reasons of such erosion and passing the resolution in the general meeting of the shareholders.

The directors recommend the resolution for your approval. None of the Directors of the company is concerned or interested in this resolution.

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

Regd. Office:
16, Community Centre,
1st floor, Saket,
New Delhi - 110 017.
Dated: 28th August, 1999

(S.C. AGRAWAL)
Company Secretary



KOTHARI FERMENTATION AND BIOCHEM LIMITED

DIRECTORS' REPORT

To
THE MEMBERS

KOTHARI FERMENTATION AND BIOCHEM LTD.
Your directors are pleased to present the 9th Annual Report together with the Audited Accounts for the year ended on 31st March, 1999 :

1. FINANCIAL RESULTS	(Rs. in lacs)	
	1998-99	1997-98
TURNOVER - MANUFACTURING	1167.79	1075.89
- TRADING	82.69	702.81
PROFIT BEFORE INTEREST & DEPRECIATION	(153.17)	232.07
INTEREST	740.51	125.17
DEPRECIATION	64.97	61.48
PROFIT/(LOSS) BEFORE TAX	(958.65)	45.42
TAX	—	—
NET PROFIT/(LOSS) AFTER TAX	(958.65)	45.42

2. OPERATIONS

The company has achieved a total production of 4511 MT yeast during the year 1998-99, which is more by 8.7 % as compared with previous year. Additional plant and machineries have been installed during later part of the year to debottleneck and enhance the installed capacity. The plant has now installed capacity to produce 8000 MTs of equivalent compressed yeast per annum. Due to severe competition and new manufacturing unit's coming in operation, the profitability is poor. Due to incidence of interest, claims relating to exports of trading activities of earlier years and reversal of interest on debtors of previous year, there is a net loss of Rs. 958.65 lacs. The company's peak net worth has been eroded by more than 50% and as such the company has to inform and submit a report to the Board for Industrial and Financial Reconstruction as per Sec. 23 of The Sick Industrial Companies (Special Provisions) Act, 1985.

3. CURRENT YEAR'S OUTLOOK

Your company is trying to export the yeast and yeast derivatives. The directors expect higher capacity utilisation and improvement in operations of manufacturing during the current year.

4. FIXED DEPOSITS

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

5. Directors

Shri Bachhraj Dugar resigned from directorship of the company due to his preoccupations. The board

places on records its sincere appreciation for the contribution and support of Shri Bachhraj Dugar during his tenure.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Shri Vikas Bardia is retiring from the board by rotation and being eligible offer himself for reappointment. The board recommends his re-appointment as director. Further, Shri M.L. Kothari as Managing Director and Dr. H.C. Bhandari & Shri Pramod Kothari as whole time directors, were appointed in Annual General Meeting held on 29th Sept., 1994 for five years w.e.f. 1st Sept., 1994. Their term expires on 31st August, 1999. Dr. H.C. Bhandari has shown his inability to continue as whole time director due to his personal reasons. The board places on record its sincere appreciation for the valuable contribution made by him during his tenure with the company as whole time director. The company will continue to receive full services of Dr. Bhandari. The board of directors recommend reappointment of Shri M.L. Kothari as Managing Director and Shri Pramod Kothari as whole time director for five years w.e.f. 1st Sept., 1999 on existing terms and conditions as stated in the notice to the forthcoming Annual General Meeting.

6. Conservation of energy, Technology absorbption, Foreign exchange earnings and outgo.

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

7. PERSONNEL

Your company continues to keep harmonious relations with all its employees. The particulars of employees drawing salary more than the limits prescribed under Sec. 217 (2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, are annexed to this report.

8. AUDITORS

M/s. C.M. Jain & Associates, Chartered Accountants, Statutory Auditors of your company, retire and being eligible offer themselves for re-appointment.

9. LISTING OF SHARES

The company's shares are listed at stock Exchanges situated at Dehli, Mumbai, Calcutta, Jaipur and Gauhati. The listing at Delhi and Mumbai is continued and action has been initiated for delisting of shares from stock exchanges at Calcutta, Jaipur and Gauhati.