

12th
Annual Report
2001-2002

Report  Junction.com

KOTHARI FERMENTATION AND BIOCHEM LIMITED



KOTHARI FERMENTATION AND BIOCHEM LTD.

BOARD OF DIRECTORS

Motilal Kothari	<i>Chairman & Managing Director</i>
Pramod Kothari	<i>Director</i>
Dr. Sanjay Maheshwari	<i>Director</i>
Prasanna Kumar Pagaria	<i>Director</i>

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
Chartered Accountants
New Delhi

REGISTERED OFFICE

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

FACTORY

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

SHARE TRANSFER AGENT

Shree Balajee Computer Services Pvt. Ltd.
A-39-40, 2nd Floor, W.H.S.
Kirti Nagar, New Delhi-110015

<i>Contents</i>	<i>Page No.</i>
Notice	1
Directors' Report	2
Auditors' Report	5
Balance Sheet	7
Profit & Loss Account	8
Schedules	9
Balance Sheet Abstract	19
Cash Flow Statement	20

KOTHARI FERMENTATION AND BIOCHEM LTD.**KOTHARI FERMENTATION AND BIOCHEM LTD.**

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

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the members of "Kothari Fermentation and Biochem Limited" will be held on Monday, the 30th day of September, 2002 at 10 A.M. at "PHD House" PHD Chamber of Commerce & Industry, Opp. Asian Games Village, New Delhi-110 016, to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Pramod Kothari 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:

AS ORDINARY RESOLUTION

4. "RESOLVED that Dr. Sanjay Maheshwari be and is hereby appointed as a director of the company and that his period of office shall be liable to determination by retirement of directors by rotation."
5. "RESOLVED that Mr. Prasanna Kumar Pagaria be and is hereby appointed as a director of the company and that his period of office shall be liable to determination by retirement of directors by rotation."

Regd. Office:

16, Community Centre, 1st Floor, Saket, New Delhi - 110 017.
Dated : 23.8.2002

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

(S.C.AGRAWAL)
Company Secretary

NOTES

1. a) A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company.
b) Proxies in order to be effective must be received at the Registered office of the Company not 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 17th September 2002 to 30th September 2002 (both days inclusive) for the purpose of Annual General Meeting.
5. Transfer cum demat facility: As per the directives of the SEBI, your company has been offering the services of transfer cum demat of shares. Under this facility, the shares received for transfer are dematerialized after taking confirmation from the investors through their depository participant.
6. Company on the Net: Your company has launched a website www.kothariyeast.com, where you can visit and find details of various products manufactured by your company.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready at the time of Annual General Meeting.
8. The Management is confident of shareholders' co-operation for the smooth conduct of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NOS. 4 and 5**

Notices have been received from members under section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- signifying their intention to propose Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria for appointment as directors of the company. Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria were appointed as additional directors of the company on 31.10.2001. The Board recommends the appointment of Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria as Directors of the company. Their period of office will be liable to determination by retirement of directors by rotation. The resolutions are commended for your approval.

None of the directors of the company is concerned or interested in the resolutions.

Regd. Office:

16, Community Centre, 1st Floor, Saket, New Delhi - 110 017.
Dated : 23.8.2002

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

(S.C.AGRAWAL)
Company Secretary

KOTHARI FERMENTATION AND BIOCHEM LTD.**DIRECTORS' REPORT**

TO
THE MEMBERS

KOTHARI FERMENTATION AND BIOCHEM LTD.

Your directors are pleased to present the 12th Annual Report together with the Audited Accounts for the year ended on 31st March, 2002:

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

	2001-2002	2000-2001
TURNOVER		
- Manufacturing	1211.89	911.32
- Trading	378.51	1.79
PROFIT BEFORE INTEREST & DEPRECIATION	(208.01)	62.30
INTEREST	0.53	0.42
DEPRECIATION	69.09	68.67
PROFIT BEFORE TAX	(277.63)	(6.79)
TAX	—	—
NET PROFIT/(LOSS) AFTER TAX	(277.63)	(6.79)

2. OPERATIONS

Due to rigorous efforts made by the company, the old debts amounting to Rs.261.08 lacs were recovered. However, the company has to write off other debts amounting to Rs. 232.48 Lacs as bad debts being unrecoverable despite rigorous efforts and follow up. These include the amount of Rs.114.03 Lacs recoverable from Govt. of Bangladesh towards export of rice to them during 1995-96 out of outstanding amount of Rs.278.06 lacs less recovery of Rs.164.03 lacs. The company's debtors have been reduced as on 31.3.2002 to Rs.1027.93 lacs from Rs.1521.49 lacs in previous year. The company's peak net worth has been eroded as on 31.03.2002 and it has become a sick industrial company within the meaning of clause (o) of sub-section (1) of Sec. 3 of The Sick Industrial Companies (Special Provisions) Act, 1985, mainly due to high rates of interest, depreciation and continuing losses during last four years. As such the company has to make a reference to The Board for Industrial and Financial Reconstruction according to Sec. 15 of The Sick Industrial Companies (Special Provisions) Act, 1985.

3. CURRENT YEAR'S OUTLOOK

Your company has incurred capital expenditure in balancing equipments for optimum utilization of plant and machineries. Your directors are confident of increased volume in the years ahead. Various steps have been initiated for increasing production and improving operating efficiencies. The company expects to earn profits in current year by increased volume.

4. FIXED DEPOSITS

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

5. DIRECTORS

In accordance with the provisions of The Companies Act, 1956 and the Articles of Association of the company, Shri Pramod Kothari is retiring from the board by rotation and being eligible offers himself for reappointment. The board recommends his appointment as director. Shri D.S.Kothari and Shri Ranjit Kumar Baid have resigned from directorship of the company due to their pre-occupations. The board places on record its sincere appreciation for the contribution and support of Shri D.S.Kothari and Shri Ranjit Kumar Baid during their tenure with the company. Further, the company has received notices from members u/s 257 of the Companies Act, 1956 together with deposit of Rs.500/- signifying their intention to propose Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria for appointment as director of the company. Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria were appointed as additional director of the company on 31.10.2001. The Board recommends their appointment as director of the company.

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

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

7. PERSONNEL

Your company continues to keep harmonious relations with all its employees. There is no employee 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.

KOTHARI FERMANTATION AND BIOCHEM LTD.**8. AUDITORS**

M/s C.M.Jain & Associates, Chartered Accountants, Statutory Auditors of your company, retire and being eligible offer themselves for re-appointment. The board recommends their appointment as auditors. The notes on accounts are self-explanatory with regards to auditors' observations.

9. LISTING OF SHARES

The company's shares are listed at Stock Exchanges situated at Delhi, Mumbai, Calcutta, Jaipur and Gauhati. The listing at Delhi and Mumbai is continued, and the listing fees has been paid for the year 2002-03. The action has already been initiated for delisting of shares from stock exchanges at Calcutta, Jaipur and Gauhati. All the formalities have been complied with in relation to delisting as such listing fees was not paid to these three stock exchanges.

10. CORPORATE GOVERNANCE

The provisions of clause 49 of the listing agreement relating to corporate governance are not applicable to the company during the year. The company is in the process of implementing corporate governance during the year 2002-03. However, the company has appointed an audit committee in pursuance of sec. 292A of the Companies Act, 1956. The audit committee consists of Shri M.L. Kothari, Dr. Sanjay Maheshwari and Mr. Prasanna Kumar Pagaria. Shri M.L. Kothari is the chairman of the committee.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the directors hereby report:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- b) that the directors have selected such 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 and of the profit or loss of the company for that period.
- c) 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 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) that the directors have prepared the annual accounts on a going concern basis.

12. ACKNOWLEDGEMENTS

Your directors place on record their sincere appreciation for the wholehearted devotion and commitment extended by the employees at all levels, which has been a source of strength and inspiration to the company.

The directors also wish to thank and deeply acknowledge the co-operation, assistance and support extended by the shareholders, the dealers and vendors of the company, bankers and financial institution.

For and on behalf of the Board

Place : New Delhi
Date : 23.8.2002

MOTI LAL KOTHARI
Chairman & Managing Director

Report  junction.com

KOTHARI FERMENTATION AND BIOCHEM LTD.**ANNEXURE TO THE DIRECTORS' REPORT****(I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

	FOR THE YEAR ENDED ON 31ST MARCH, 2002	FOR THE YEAR ENDED ON 31ST MARCH, 2001
1. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION		
a Electricity		
Units Consumed	38,72,170	27,73,900
Total Amount (Rs. in Lacs)	180.48	138.62
Rate/Unit Rs.	4.66	5.00
b) Furnace Oil/L.D.O.		
Quantity (litres)	7,36,177	5,80,565
Total Amount (Rs. in Lacs)	70.90	61.01
Average Rate per Ltr. (Rs.)	9.63	10.51
2. RESEARCH AND DEVELOPMENT		
Expenditure on R & D		
a) Capital (Rs. in lacs)	—	—
b) Recurring (Rs. in lacs)	5.36	6.56
c) Total (Rs. in lacs)	5.36	6.56
d) Total R & D expenditure as percentage of turnover	0.44	0.72
3. FOREIGN EXCHANGE EARNINGS AND OUTGO		
Foreign exchange earnings (Rs. in lacs)	0.53	30.30
Foreign exchange outgo towards expenses (Rs. in lacs)	1.59	5.05

Report  junction.com



AUDITORS' REPORT

To, The Members of

Kothari Fermentation and Biochem Limited

We have audited the attached Balance Sheet of KOTHARI FERMENTATION AND BIOCHEM LIMITED as on 31st March 2002 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further, to our comments in the annexure referred to in Paragraph (1), we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of Head Office and Branch Offices at Head Office.
 - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company;
 - d. In our opinion, the Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 in so far as they are applicable to the Company except non-provision of interest on loan from IDBI and Allahabad Bank (matters sub-judice) and non-recognition of Deferred Tax Assets (AS-22).
 - e. On the basis of written representation received from the directors, as at March 31, 2002 and taken on record by the Board of Directors, we report that none of the director is disqualified from being appointed as a director in terms of Clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.
3. Attention is invited to (i) Note no. 18 regarding non provision of interest on loan from IDBI and Allahabad Bank since 1.4.1999 and non confirmation of their outstanding balances and consequential adjustment on adjudication of the final order by Debt Recovery Tribunal as the Allahabad Bank and IDBI have filed legal cases against company in Debt Recovery Tribunal.
 - (ii) The company has filed its counter claim before Debt Recovery Tribunal against Allahabad Bank. Adjustments might be required in the eventuality of non recoverability of claims recognised as income during the year 2000-01 amounting to Rs. 91,36,354/- (Note No.16)
 - (iii) Note No. 3 regarding confirmation / reconciliation of balances and consequential adjustment thereon.
 - (iv) Note No.15 regarding Non provision of doubtful debts amounting to Rs.83,29,080/- for recovery of which the company has filed legal cases.
 - (v) Note No.17 regarding Balances of bank accounts stated to be non operative are unconfirmed.

The overall impact of the adjustments to be carried out as per remarks as given in Para (i), (iii) and (v) above or otherwise has not been ascertained and therefore cannot be commented upon by us, and had the observations made by us in Para (ii) and (iv) above been considered, the loss for the year would have been Rs.4,52,27,939/- as against reported loss of Rs.2,77,62,505 and the accumulated losses would have been Rs.10,27,30,038/- as against reported accumulated losses of Rs.8,52,64,604.

Subject to the foregoing

- 4) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Notes in Schedule 'M' thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - (b) in the case of the Profit & Loss Account, of the loss for the year ended on that date.

For C.M. JAIN & ASSOCIATES
Chartered Accountants

(C.M. JAIN)
Proprietor

Place : New Delhi
Dated : 23rd August, 2002