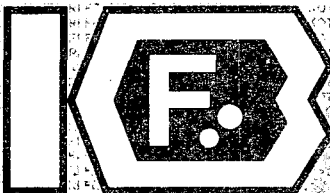


# 19th Annual Report 2008-2009



**KOTHARI FERMENTATION AND BIOCHEM LIMITED**



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

### BOARD OF DIRECTORS

|                        |                                    |
|------------------------|------------------------------------|
| Moti Lal Kothari       | Chairman & Managing Director       |
| Pramod Kumar Kothari   | Whole-time Director                |
| Prasanna Kumar Pagaria | Non Executive Independent Director |
| Ratan Lal Dudheria     | Non Executive Independent Director |
| Mal Chand Sharma       | Non Executive Independent Director |

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ajay Kumar Trivedi

### BANKERS

State Bank of Bikaner & Jaipur  
ICICI Bank Ltd.

### AUDITORS

NAHATA JAIN & ASSOCIATES  
Chartered Accountants  
New Delhi

Report Junction.com

### REGISTERED OFFICE

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

### FACTORY

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

### SHARE TRANSFER AGENT

Abhipra Capital Limited  
Ground Floor - Abhipra Complex,  
Dilkhush Industrial Area,  
A-387, G.T. Karnal Road,  
Azadpur, Delhi - 110 033

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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 NINETEENTH ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the NINETEENTH ANNUAL GENERAL MEETING of the members of "KOTHARI FERMENTATION AND BIOCHEM LIMITED" will be held on Wednesday, the 30th day of September, 2009 at 9:30 A.M. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019, to transact the following businesses:

**AS ORDINARY BUSINESS**

- 1 To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2009 and the Balance Sheet as at 31st March, 2009 together with Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prasanna Kumar Pagaria who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the auditors and to fix their remuneration. M/s Nahata Jain & Associates, Chartered Accountants, New Delhi are retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

**AS SPECIAL BUSINESS**

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

**AS A SPECIAL RESOLUTION**

4. **"RESOLVED** that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals including of Central Government if necessary, consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Mr. Moti Lal Kothari, as Managing Director of the Company for a period of five years w. e. f. September 1, 2009 on the terms and conditions as set out below:
  - a) Salary Rs. 20,000/- per month under the scale of Rs. 20,000-5000-40000. The annual increment will be effective from September 1 each year and will be decided by the Board of Directors/ its Committee each year.
  - b) Provision of accommodation or payment of HRA in lieu thereof, subject to maximum of 60% of salary. Expenses on maintenance and furnishing of accommodation including watchmen, servant, gas, electricity and water shall be borne by the Company.
  - c) The Company shall provide car with driver and incur all expenses for the same for the Company's business. However if the car is used for private purposes, the perquisite shall be computed as per Income Tax Act, 1961.
  - d) Mobile phone and Telephone at residence shall be provided for official purpose. However, the Managing Director shall pay for all the long distance personal calls.
  - e) The Company shall reimburse medical and hospital Expenses incurred for self and family members.
  - f) Personal accident insurance as per the rules of the Company
  - g) Reimbursement of leave travel concession to self and his family once in a year.
  - h) The Managing Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof."

**"RESOLVED FURTHER** that the Board of Directors or any Committee thereof be and is hereby authorized to fix, the salary payable to Managing Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the currency of tenure of Managing Director, the remuneration payable to him shall be governed by Section 11 of Part II of Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof."

**AS A SPECIAL RESOLUTION**

5. **"RESOLVED** that pursuant to the provisions of sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such Approvals including of Central Government if necessary, consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Mr. Pramod Kumar Kothari, as Managing Director of the Company for a period of five years w. e. f. September 1,



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

2009 on the terms and conditions as set out below:-

- a) Salary Rs. 25,000/- per month under the scale of Rs. 25,000-5000-45000. The annual increment will be effective from September 1 each year and will be decided by the Board of Directors/ its Committee each year.
- b) Provision of accommodation or payment of HRA in lieu thereof, subject to maximum of 60% of salary. Expenses on maintenance and furnishing of accommodation including watchmen, servant, gas, electricity and water shall be borne by the Company.
- c) The Company shall provide car with driver and incur all expenses for the same for the Company's business. However if the car is used for private purposes, the perquisite shall be computed as per Income Tax Act, 1961.
- d) Mobile phone and Telephone at residence shall be provided for official purposes. However, the Managing Director shall pay for all the long distance personal calls.
- e) The Company shall reimburse medical and hospital expenses incurred for self and family members.
- f) Personal accident insurance as per the rules of the Company.
- g) Reimbursement of leave travel concessions to self and his family once in a year.
- h) The Managing Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof."

**RESOLVED FURTHER** that the Board of Directors or any Committee thereof be and is hereby authorized to fix, the salary payable to Managing Director within above maximum limit, increasing/decreasing thereby allowances, perquisites and other benefits related to the quantum of salary and in the event of absence or inadequacy of net profit in any financial year, during the currency of tenure of Managing Director, the remuneration payable to him shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof."

### NOTES

1. a) A member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company. However, the company shall have the right to fully verify the identity of proxy.
- b) Proxies in order to be effective must be received at the Registered Office of the Company not 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 Annual Report, as extra copies will not be supplied.
3. Members who are holding physical 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 Tuesday, the 15th September 2009 to Wednesday, the 30th September 2009 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of meeting.
6. Demat facility: The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The company had signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. The shareholders are requested to get their shares in Demat form.
7. Pursuant to the provisions contained in Section 205A and 205C of the Companies Act, 1956, the company had transferred dividend remaining unclaimed for a period of seven years from the date it first became due for payment, to The Investor Education and Protection Fund (IEPF) constituted by the Central Government and no claim shall lie against the IEPF or the company in respect of individual amount(s) so credited to the IEPF. Further, no amount of dividend etc. is due to be transferred to IEPF during the current year.
8. 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.
9. The Management is confident of shareholders' co-operation for smooth conduct of the meeting.



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

#### ITEM NO. 4 & 5

Mr. Moti Lal Kothari is Managing Director since 10.04.1992 and Mr. Pramod Kumar Kothari is Whole Time Director of the company since 01.04.1992. The terms and conditions of their appointment were revised for five years w.e.f. 01.09.2004 by passing the special resolutions by the shareholders at the AGM held on 30.09.2004. Their term will expire on 31.08.2009. The board of directors decided to reappoint Mr. Moti Lal Kothari as Chairman & Managing Director. Since Mr. Pramod Kumar Kothari has also gradually started looking after over all supervision and management of the Company along with Mr. Moti Lal Kothari, hence the Board decided to appoint Mr. Pramod Kumar Kothari as another Managing Director for a period of five years w. e. f. 01.09.2009 on the terms and conditions contained in the resolution, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other provisions of the Act.

As per Part I of Schedule XIII, the person who has attained the age of 70 years can be appointed as the Managerial person, with the approval of shareholders by passing a special resolution. The age of Mr. Moti Lal Kothari is 73 years, so the resolution has been proposed as a Special Resolution.

The directors recommend the resolutions as special resolutions for your approval. None of the Directors except Mr. Moti Lal Kothari and Mr. Pramod Kumar Kothari are concerned or interested in the resolution.

The explanatory statement read with proposed resolutions may be treated as the abstracts of the terms of appointments and memorandum of interest u/s 302 of the Companies Act. 1956.

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

Mr. Prasanna Kumar Pagaria aged about 46 years is a Commerce Graduate. He is a businessman in Delhi. He was appointed as director of the company on 31-10-2001.

Mr. Moti Lal Kothari aged about 73 years is a commerce graduate from Guwahati University, a renowned businessman. He has a very vast experience of Trade & Industry. Mr. Moti Lal Kothari is the Promoter Director and has been associated with the company since incorporation.

Mr. Pramod Kumar Kothari aged about 44 years is an Engineer and has the experience of Business, Trade and Industry for over 20 years. Mr. Pramod Kumar Kothari is also the Promoter Director and has been associated with the Company since incorporation.

#### Regd. Office:

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

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

**AJAY TRIVEDI**  
Company Secretary

Dated : 28th August, 2009





# KOTHARI FERMENTATION AND BIOCHEM LIMITED

## DIRECTORS' REPORT

TO THE MEMBERS OF

**KOTHARI FERMENTATION AND BIOCHEM LTD.**

Your directors are pleased to present the 19th Annual Report together with the Audited Accounts for the year ended on 31st March 2009:

### 1. FINANCIAL RESULTS

(Rs. in lacs)

|                                       | 2008-2009 | 2007-2008 |
|---------------------------------------|-----------|-----------|
| TURNOVER:                             |           |           |
| MANUFACTURING                         | 1914.46   | 998.83    |
| TRADING                               | 412.50    | —         |
| PROFIT BEFORE INTEREST & DEPRECIATION | 223.23    | 449.09    |
| INTEREST                              | 14.38     | 29.74     |
| DEPRECIATION                          | 110.64    | 88.44     |
| PROFIT BEFORE TAX                     | 98.21     | 330.91    |
| TAX - Fringe Benefit                  | 3.72      | 2.96      |
| NET PROFIT/ (LOSS) AFTER TAX          | 94.49     | 327.95    |

### 2. OPERATIONS

During the year, the capital expenditure on balancing equipments has resulted in better utilization of plant & machineries. Various steps have been initiated for increasing production and improving operating efficiencies. The Company had undertaken trading activities during the year 2008-09 and had two segments i.e. manufacturing of yeast and trading of commodities.

The company achieved production of 5185 MT during 2008-09 as compared to 2627 MT in previous year. Resultantly the turnover of the company from manufacturing activities was increased to Rs. 1914.46 Lacs during the year 2008-09 as compared to Rs. 998.83 Lacs during previous year. The Company undertook trading activities during the year 2008-09 resulting in turnover of Rs. 412.50 Lacs. The profitability of the company was Rs. 94.49 Lacs during the year 2008-09 as compared to profit of Rs. 327.95 Lacs during previous year. Dividend for the year has not been proposed in order to plough back the profit for growth of the Company.

### 3. CURRENT YEAR'S OUTLOOK

The recent investment made in plant & machineries will result in increase utilization of production capacity of the Plant. Various steps have been taken for cost reduction and improving operating efficiencies. During the year, major installations of multi effect evaporator, agro fuel based boiler and Effluent Treatment RO Plant have been completed: This may have also an impact on the profits of the Company during the current year.

The rehabilitation scheme sanctioned by H'ble BIFR, was came into effect from 26.03.2008 and its provisions were binding on all concerned. The Company has been ceased to be a Sick Industrial Company and discharged from the provisions of SICA/BIFR vide letter dated 15.09.2008 of Hon'ble BIFR. The Company and promoters have complied with all its obligations under the Scheme, accordingly the promoters and group companies have brought in funds in the shape of equity share capital amounting to Rs.890.50 Lakhs by subscribing to fully paid up equity shares, numbering 8905000 @ Rs.10/- each. The equity shares have been issued to them during 2008-09. Further, the modification of ETP and replacement of old machineries had been already completed.

In view of above it is expected that the production and profitability of the company shall improve during the current year at large.

### 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 Acts, 1956 and the Articles of Association of the Company, Mr. Prasanna Kumar Pagaria is retiring from the Board by rotation and being eligible offers himself for reappointment. The Board recommends re-appointment of Mr. Prasanna Kumar Pagaria as director of the Company.

Mr. Moti Lal Kothari is Managing Director since 10.04.1992 and Mr. Pramod Kumar Kothari is Whole Time Director of the company since 01.04.1992. The terms and conditions of their appointments were revised for five years w.e.f. 01.09.2004 by passing the special resolutions by the shareholders at the AGM held on 30.09.2004. Their term will expire on 31.08.2009. The board of directors decided to reappoint Mr. Moti Lal Kothari as Chairman & Managing Director and appoint Mr. Pramod Kumar Kothari also as Managing Director for a period of five years w.e.f. 01.09.2009 on the terms and conditions contained in the resolution, in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and other



## KOTHARI FERMENTATION AND BIOCHEM LIMITED

provisions of the Act. The required resolutions and the explanatory statement are provided in the notice of Annual General Meeting. The Board recommends the re-appointment of Mr. Moti Lal Kothari as Chairman & Managing Director and appointment of Mr. Pramod Kumar Kothari also as Managing Director.

### 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-I.

### 7. PERSONNEL

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

### 8. AUDITORS

M/s Nahata Jain & Associates, Chartered Accountants, statutory auditors of your company retire at the ensuing annual general meeting and being eligible offers themselves for re-appointment. The Board recommends their appointment as auditors from the conclusion of this meeting to the conclusion of next annual general meeting. 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, Kolkata, Jaipur and Guwahati. The listing at Delhi and Mumbai is continued, and the listing fee has been paid upto date. Action has already been initiated for delisting of shares from stock exchanges at Kolkata, Jaipur, and Guwahati. All the formalities have been complied with in relation to delisting and as such the listing fee to these Stock Exchanges was not paid.

### 10. CORPORATE GOVERNANCE

The provisions of clause 49 of the listing agreement relating to corporate governance are applicable to the company. So there is a separate section on Corporate Governance in the annual report of the company, with a detailed compliance report on Corporate Governance.

### 11. MANAGEMENT DISCUSSION AND ANALYSIS

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

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 2008-09 and of the profit or loss of the company for that year.
- 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,
- that the directors have prepared the annual accounts on a going concern basis.

### 13. 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 cooperation, 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 : 28th August, 2009

**MOTI LAL KOTHARI**  
Chairman & Managing Director


**KOTHARI FERMENTATION AND BIOCHEM LIMITED**
**ANNEXURE - I**

**INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2009.**

| <b>(I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.</b> |         | <b>FOR THE YEAR<br/>ENDED ON 31ST<br/>MARCH, 2009</b> | <b>FOR THE YEAR<br/>ENDED ON 31ST<br/>MARCH, 2008</b> |
|---|---------|---|---|
| <b>1. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION</b>                                       |         |   |   |
| a) <b>Electricity</b>   |         |   |   |
| Units Consumed  | 5522200 | 28,10,820   |   |
| Total Amount (Rs. in Lacs)  | 267.53  | 133.90  |   |
| Rate/Unit Rs.   | 4.85    | 4.76  |   |
| b) <b>Furnace Oil/L.D.O.</b>  |         |   |   |
| Quantity (litres)   | 30,700  | 3,56,300  |   |
| Total Amount (Rs. in Lacs)  | 10.64   | 77.34   |   |
| Average Rate per Ltr. (Rs.)   | 34.66   | 21.71   |   |
| <b>2. RESEARCH AND DEVELOPMENT</b>  |         |   |   |
| Expenditure on R & D  |         |   |   |
| a) Capital (Rs. in lacs)  | 0.00    | 0.42  |   |
| b) Recurring (Rs. in lacs)  | 5.82    | 4.75  |   |
| c) Total (Rs. in lacs)  | 5.82    | 5.17  |   |
| d) Total R & D expenditure as percentage of turnover of Manufacturing activity                    | 0.30    | 0.52  |   |
| <b>3. FOREIGN EXCHANGE EARNINGS AND OUTGO.</b>  |         |   |   |
| Foreign exchange earnings (Rs.in lacs)  | —       | —   |   |
| Foreign exchange outgo (Rs.in lacs)   | 2.26    | 5.25  |   |

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Kothari Fermentation & Biochem Ltd. is pleased to present its seventh analysis report covering segment wise performance and out look.

Organizations in India are growing and even small organizations are seeking to move up the value chain. As companies grow, many find it difficult to retain the very characteristics that first led to their success- flexibility and strong customer relationships. Growing companies are often hampered by business systems that simply cannot keep up with the changing requirements. Your company has also been providing General Information System (GIS) implementation, Revenue Management Services to utilities over the past few years and continues to get new customers.

The company has businesses of two segments of Manufacturing Yeast and Trading activities of commodities during the year 2008-09.

**Industry Structure and Developments**

In Indian yeast Industry, there are three major companies manufacturing yeast in India, the other two companies are multi national companies. The Company is facing stiff competition from these multi national companies. We have an excellent team of technical and commercial professionals with expertise in yeasts manufacture and marketing. We have better quality of our products in comparison of products of these multi national companies and sustaining in the market.

**Opportunities and Threats**

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

Due to presence of Multi National Companies (MNCs) in yeast industries in India, the competition in the market is fierce. Your Company, through continuous Research and Development efforts and quality of its products has been able to compete with such multinational companies.





## KOTHARI FERMENTATION AND BIOCHEM LIMITED

The Company is planning to install a Power Plant in the factory during the current year and if the plant is installed in the factory, it would drastically reduce the power cost.

The Company's proposal for sanction of financial facilities is in advance stage of sanction by the State Bank of Bikaner & Jaipur and once these financial facilities are sanctioned and utilized, the Company expects to have increased turnover and profitability of the Company.

### Segment wise Performance

There were two segments in the company during 2008-09, i.e. manufacturing of yeast and trading of commodities. The comparison of financial data with previous year's data, is provided under the heading "Discussion on Financial Performance with respect to Operational Performance" later in this Report.

### Future Outlook

The company is regularly reviewing its whole structure and making changes for future improvements. Your directors are confident of increase in production during the current year. Various steps have been initiated for cost reduction and improving operating efficiencies. The Company expects to earn more profits in current year by higher production and efficiency. The BIFR had sanctioned rehabilitation scheme vide its order dated 26.03.2008 as amended. The Company and promoters have complied with all its obligations under the Scheme. The Company has been ceased to be a Sick Industrial Company and discharged from the provisions of SICA/BIFR vide letter dated 15.09.2008 of Hon'ble BIFR. The Company will focus on business growth by best quality of its product.

### Risks and Concerns

The company faces stiff competition with the multi national companies. The MNCs with their financial strength can store good quantity of molasses during season period at lesser prices and also are able to provide the customers more credit for longer period. Once the Company's proposal for financial facilities is sanctioned by the State Bank of Bikaner & Jaipur, your Company would be able to compete with the multi national companies in a better way.

Your manufacturing industry is power intensive. Unscheduled power cuts and load shedding increase the production stops and consequently results in shifting to power generation by DG sets, which is comparatively costly. In view to mitigate the risk of power shortage, the company is planning to install a power plant in the factory during the current year.

### Internal Control System and their adequacy

The Company has an internal control system with proper internal delegation of authority, supervision and checks and balances and procedures. This system is reviewed and updated periodically in order to improve upon it and to meet the business requirements. The Board of Directors, Audit Committee and the Management ensure that the internal control system operate effectively within the organisation. Internal Audit team keeps on reviewing the adequacy of internal control systems and suggests necessary checks and balances to increase the effectiveness of the system.

### Discussion on Financial Performance with respect to Operational Performance

| S. No. | Particulars          | 2008-09 (Rs. in lacs)  |                   |               | 2007-08 (Rs. in lacs)  |                   |               |
|--------|----------------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|
|        |                      | Manufacturing of Yeast | Trading of Grains | Total 2008-09 | Manufacturing of Yeast | Trading of Grains | Total 2007-08 |
| 1.     | Segment Revenue      | 1914.46                | 412.50            | 2326.96       | 998.83                 | —                 | 998.83        |
| 2.     | Segment Depreciation | 110.64                 | —                 | 110.64        | 88.44                  | —                 | 88.44         |
| 3.     | Segment Interest     | 14.38                  | —                 | 14.38         | 29.74                  | —                 | 29.74         |
| 4.     | Segment Results      | 92.06                  | 6.15              | 98.21         | 330.91                 | —                 | 330.91        |

### Material Developments in Human Resources/Industrial Relations Front, including number of people employed

The Company believes that the competence and commitment of its people are the key drivers for growth of any organization. There have been excellent relations between the employees at various levels and the management. The Company responds to genuine grievances of employees in order to foster warm and cordial relationships between the management and the employees, increase job satisfaction of employees and ensure that employees can add value to their lives. There were 140 persons directly employed by the Company during the previous financial year on an average basis

For and on behalf of the Board

Place : New Delhi  
Date : 28th August, 2009

**MOTI LAL KOTHARI**  
Chairman & Managing Director