

24th Annual Report

2013-14



KOTHARI FERMENTATION & BIOCHEM LIMITED

**AWARDED FIRST IN THE PRIVATE MANUFACTURING SECTOR
FOR ITS
"EXCELLENCE IN COST MANAGEMENT"**



**Given by the prestigious INSTITUTE OF COST ACCOUNTANTS OF INDIA
Jury being headed by Dr. Justice Arijit Pasayat, former Justice of Supreme Court of India**

IMPORTANT: VOTING THROUGH ELECTRONIC MEANS

In accordance with the Companies Act, 2013 as well as Clause 35B of the Listing Agreement, the Company has made arrangements with CDSL for Members to vote on the Resolutions in this Notice through electronic means. E-voting facility will be available from 18.09.2014 till 20.09.2014. (Kindly refer pages 3 to 4 for detailed instructions).

Registration of E-mail Addresses – “Green Initiative” of MCA

To contribute to the “green initiative” of the Ministry of Corporate Affairs, in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses for receiving communication in electronic form. Members holding shares in demat form, register the same with their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with either the Company or the RTA.



KOTHARI FERMENTATION AND BIOCHEM LTD.

(CIN: L72411DL1990PLC042502)

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

Tel: 011-26850004, Fax: 011-41664840, Email - kfbf@airtelmail.in

Website: www.kothariyeast.in

BOARD OF DIRECTORS

Pramod Kumar Kothari

Chairman and Managing Director

Kavita Devi Kothari

Whole-Time Director

Prasanna Kumar Pagaria

Non Executive Independent Director

Ratan Lal Dudheria

Non Executive Independent Director

Kapil Dev Puri

Non Executive Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Isha Gupta

BANKERS

State Bank of Bikaner & Jaipur

ICICI Bank Limited

Standard Chartered Bank

Punjab National Bank

HDFC Bank

AUDITORS

NAHATA 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. Bulandshahr (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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NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the members of "**KOTHARI FERMENTATION AND BIOCHEM LIMITED**" will be held on Monday, the 29th day of September, 2014 at 10:00 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 financial statements of the company for the year ended 31st of March, 2014 including Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Pramod Kumar Kothari (DIN: 00086145), who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s Nahata Jain & Associates, Chartered Accountants (Firm Regn. No. 016351N), New Delhi, as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration for the financial year ending 31st March, 2015.

AS SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification (s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Kapil Dev Puri (DIN : 00120415), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

5. To consider and if thought fit to pass with or without modification (s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Prasanna Pagaria (DIN : 00162904), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

6. To consider and if thought fit to pass with or without modification (s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of section 149, 150 & 152 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the said Act, Mr. Ratan Lal Dudheria (DIN : 02437129), Independent Director of the Company, be and is hereby appointed as an Independent Director of the company to hold office for a term of 5 (Five) consecutive years commencing from 29th September, 2014."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

To authorise the Board of Directors for borrowing money upto Rs. 20 crores

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 4th Annual General Meeting held on 29.09.1994 and pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs.20 crores (Rs. Twenty Crores only) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts, deeds and things as may be necessary and expedient to give effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

To approve creation of charge/ security over the assets/ undertaking of the Company in respect of borrowings.

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 5th Annual General Meeting held on 28.09.1995 and pursuant to Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, if any, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded for creation by the Board of



Directors on behalf of the Company, of such mortgages/ charges/ hypothecation and floating charges (in addition to the existing mortgages/ charges/ hypothecation created by the Company in favour of the lenders) in such form and in such manner as may be agreed to between the Board of Directors and the lenders, on all or any of the present and future immovable and /or movable properties of the Company wherever situated, of every nature and kind whatsoever to secure any Indian Rupee or foreign currency loans, debentures, advances and all other moneys payable by the Company to the lenders concerned, upto the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company of loans or advances already obtained or to be obtained from, in any form, from any financial institution, bank, body corporate, company, insurer or to the general public .

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts, deeds and things as may be necessary and expedient to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.40,000/- plus travelling and other out of pocket expenses incurred by them and service tax recommended by the Audit Committee and approved by the Board of Directors of the Company to be paid to M/s HMVN and Associates, Delhi, Cost Auditor for the financial year ending 31st day of March, 2015, be and is hereby ratified."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION:**

To approve and adopt new Articles of Association of the Company

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts,

deeds and things as may be necessary and expedient to give effect to this resolution."

By order of the Board

For KOTHARI FERMENTATION & BIOCHEM LTD.

Isha Gupta

Company Secretary

Regd. Office:

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

Dated: 14th of August, 2014

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 later than 48 hours before the commencement of the meeting.
- c) A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10 per cent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- d) Members / Proxies should bring the attendance slip duly filled in for attending the meeting along with their copy of Annual Report, as extra copies will not be supplied.
2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. The relevant details of Directors seeking appointment/re-appointment at the AGM as required by clause 49 of the Listing Agreement with the Stock Exchanges, forms integral part of the notice.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members



holding shares in physical form are requested to submit their PAN to the Company/Registrar & Share Transfer Agent (RTA).

6. Members who are holding physical shares in identical names in more than one folio are requested to write to the Company/ RTA to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/RTA any change in their address with the postal area pin code number quoting their folio number.
7. Register of Members of the Company will remain closed from Thursday, 18th day of September 2014 to Monday, the 29th day of September 2014 (both days inclusive) for the purpose of Annual General Meeting.
8. 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 all working days upto the date of the meeting.
9. 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.
10. Electronic copy of the Annual Report for the financial period ending 31.03.2014, Notice of the 24th AGM of the Company, instructions for e-voting, along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.
11. Members may also note that the Notice of the 24th AGM and the Annual Report 2014 will be available on the Company's website, www.kothariyeast.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: kfbl@airtelmail.in.

VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the members the facility to exercise their right to vote by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

• Procedure / Instructions for E-voting are as under:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number in the PAN Field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1001 then enter RA00001001 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.



- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for <KOTHARI FERMENTATION AND BIOCHEM LIMITED> on which to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
 - **Other instructions for E-voting**
- (A) **The e-voting period commences on Thursday, September 18, 2014 (9.00 a.m.) and ends on Saturday, September 20, 2014 (6.00 p.m.).** During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 22, 2014, may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) In case of any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (C) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of August 22, 2014.
- (D) Mr. V.K. Sharma, Practising Company Secretary, Noida, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (E) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (F) The results shall be declared on or after the AGM of the Company. The results of the e-voting along with the scrutinizer's report shall be available for inspection and also placed on the Company's website www.kothariyeast.in. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

**STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013****Item Nos. 4, 5 & 6**

Mr. Kapil Dev Puri, (DIN: 00120415) is a Non Executive Independent Director of the Company, appointed as such in 2011, had his office liable to retirement by rotation under the erstwhile provisions of the Companies Act, 1956. But now pursuant to Section 149 and any other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors effective from the 1st day of April, 2014, he shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

Mr. Prasanna Kumar Pagaria (DIN: 00162904) and Mr. Ratan Lal Dudheria (DIN: 02437129) are Independent Directors of the Company and have held the positions as such for more than 10 (Ten) years. Now pursuant to the provisions of the Companies Act, 2013 and also the amended Clause 49 of the Listing Agreement, with respect to appointment and tenure of the Independent Directors, those Directors who have already served for ten or more years in a Company can be appointed for a maximum period of one more term of five years and such appointment of independent directors shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended clause 49 of the Listing Agreement.

With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from member's alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria for the office of Directors of the Company. The Company has also received declarations from Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Kapil Dev Puri, Mr. Prasanna Kumar Pagaria and Mr. Ratan Lal Dudheria, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. It is therefore proposed to

appoint them as Independent Directors for a term upto five consecutive years, commencing from 29th day of September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than the Independent Director for his respective appointment, is concerned or interested, financially or otherwise, in the Resolution.

The Board recommends and proposes the Ordinary Resolution for approval by the shareholders.

Item Nos. 7 & 8

In terms of the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution, borrow moneys, apart from temporary loans, in excess of aggregate of the paid up capital and its free reserves (Section 180(1)(c)) nor the Board can create security or create mortgages, charges and hypothecations over the assets of the Company which would be required to secure aforesaid borrowings (Section 180(1)(a)).

The above Section 180 of the Companies Act, 2013 corresponds to Section 293 of Companies Act, 1956 under which the consent of the Company was required by Ordinary Resolution. Accordingly, the shareholders of the Company had accorded consent by ordinary resolutions to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of Rs. 20 Crores (Rupees Twenty Crores only) and to create security or create mortgages, charges and hypothecations over the assets of the Company to secure above borrowings, at the 4th & 5th Annual General Meetings of the Company held on 29.09.1994 & 28.09.1995 respectively.

However, the Ministry of Corporate Affairs, New Delhi vide its General Circular No. 4/2014 dated 25th March, 2014 has stated that such ordinary resolutions passed under old Companies Act, 1956 for borrowing money in excess of limits and to create security on undertaking of the Company, shall remain valid upto one year from the commencement of the Companies Act, 2013 i.e. upto 11th September, 2014.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolutions.

The Board recommends the Special Resolutions in Item no. 7 & 8 for the approval of the members.

Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. HMVN and Associates, Cost Auditors at a remuneration of Rs.40,000/- (plus travelling and other out of pocket expenses incurred by them and service tax) to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.



Accordingly, consent of the members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution. The Board recommends and proposes the Ordinary Resolution for approval by the shareholders.

Item No. 10

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act").

As the Companies Act, 2013 is now in force, the provisions of the Companies Act, 1956 are required to be replaced by provisions of the Companies Act, 2013 and the rules made thereunder. Accordingly, it is proposed to replace the existing Articles to streamline and align it with the corresponding provisions of the Companies Act, 2013.

Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution as set out at Item No. 10 of the Notice.

The Board recommends the Special Resolution for approval by the shareholders.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**• Re-Appointment of Mr. Pramod Kumar Kothari (DIN: 00086145) (Item No. 2)**

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st day of April, 2014, for the purpose of determining the directors liable to retire by rotation, the independent directors shall not be included in the total number of directors of the Company. In view of above, the remaining directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting in accordance with Section 152(6) of the Companies Act.

Mr. Pramod Kumar Kothari, being longest in office, shall accordingly retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

He was appointed as the Chairman & Managing Director of the company for a period of 5 years w.e.f. 1st April, 2013. The said appointment was approved by the

members of the company at their 23rd AGM held on 28.09.2013 by way of an Ordinary resolution.

A brief resume of Mr. Pramod Kumar Kothari is provided in this Annual Report.

Upon his re-appointment as a director, Mr. Pramod Kumar Kothari shall continue to hold office as the Chairman & Managing Director of the Company, and such determination of office by retirement and then re-appointment would not constitute a break in his tenure of service as the Chairman & Managing Director.

Accordingly, the Board recommends his re-appointment.

Except Mrs. Kavita Devi Kothari and Mr. Pramod Kumar Kothari, none of the Directors and Key Managerial Personnel and their relatives is concerned or interested, financial or otherwise, in agenda Item No. 2.

• Appointment of Other Directors (Item Nos. 4 to 6)

The brief profile of other independent directors appointed in the ensuing AGM, is provided herewith.

By order of the Board

**For KOTHARI FERMENTATION &
BIOCHEM LTD.**

Isha Gupta
Company Secretary

Regd. Office:

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

Dated: 14th of August, 2014

PROFILE OF DIRECTORS AND OTHER DIRECTORSHIPS**1. Mr. Pramod Kumar Kothari (DIN: 00086145)**

Mr. Kothari is presently the Chairman & Managing Director of the Company. He 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 its incorporation.

Mr. Kothari aged about 49 years is the son of Late Shri Moti Lal Kothari, the founder of Kothari Fermentation & Biochem Limited (KFBL). He is a qualified Engineer {B.Tech - (Electronics)} and has a vast experience of Business, Trade & Industry for over 25 years. He looks after technical, legal, marketing functions and overall management of the company.

His strong entrepreneurial skills, as also an undying commitment and belief in his abilities, have been instrumental in bringing KFBL to its present position.

He is the member of the Stakeholders Relationship Committee of the Board of the Company and holds 7,14,200 Equity Shares of face value of Rs.10/- each, constituting around 4.8% of the total paid-up share capital of the Company.

He is also a Director in M/s. Sampat Industrial & Construction Company Limited but does not hold membership of any committees of the Board of such other company.


2. Mr. Kapil Dev Puri (DIN: 00278929)

Mr. Puri is a Non-Executive Independent Director and was first appointed on Board of KFB in 2011.

Mr. Puri aged about 83 years has done his B.E. (Electrical) from Delhi University. He has also done AMIE (Mechanical) and is a Fellow Member of the Institution of Engineers (India).

He has expertise in co-generation of power and energy conservation techniques. His expertise has been established by his distinct positions held by him in various companies.

He has work experience of around 33 years with DCM Group. He was the Chief engineer in Daurala Sugar Works, Chief Engineer in M/s. Shriram Vinyl & Chemical Industries in Caustic Soda and PVC Division, Deputy General Manager in Shriram Food & Fertilizers. He was also the Technical Director in Mahadev Fertilizers and subsequently a Director in Apex Design & Engineering Services.

He is the member of the Audit Committee, Nomination & Remuneration Committee, and the Stakeholders Relationship Committee of the Board of the Company. He does not have any shareholding in KFB.

He is also an Independent Director in M/s. National Industrial Corporation Limited in which he is the member of the Audit Committee and the Nomination & Remuneration Committee of the Board.

3. Mr. Ratan Lal Dudheria (DIN: 02437129)

Mr. Dudheria is a Non-Executive Independent Director and was first appointed on Board of KFB in 2003.

He is a graduate of around 69 years of age, and has a successfully running business of Grains and Pulses in Guwahati (Assam) for the last 40 years

He is the member of the Audit Committee and the Nomination & Remuneration Committee of the Board of the Company.

He holds 400 Equity Shares of face value of Rs.10/- each in KFB.

4. Mr. Prasanna Kumar Pagaria (DIN: 00162904)

Mr. Pagaria is a Non-Executive Independent Director and was first appointed on the Board in the year 2002.

A graduate of around 51 years of age is having an established business of wires and electrical goods and appliances in Delhi for the last 25 years.

He holds the Chairmanship of the Audit Committee, Nomination & Remuneration Committee and the Stakeholders Relationship Committee of the Board of the Company. He does not hold any shares in KFB.

By order of the Board

For KOTHARI FERMENTATION & BIOCHEM LTD.

Isha Gupta

Company Secretary

Regd. Office:

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

Dated: 14th of August, 2014

DIRECTORS' REPORT

TO THE MEMBERS OF
KOTHARI FERMENTATION AND BIOCHEM LTD.

Your directors are pleased to present the 24th Annual Report together with the Audited Accounts for the year ended on 31st March 2014:

1. FINANCIAL RESULTS

(Rs. in lacs)

	2013-2014	2012-2013
Turnover	5062.57	4390.50
Profit before Finance Charges & Depreciation	372.22	505.48
Finance Charges	126.93	118.22
Depreciation	189.82	149.43
Profit before Tax	55.47	237.83
Taxes:		
Current Tax	10.57	–
Less: MAT Credit Entitlement	(10.57)	–
Deferred Tax	17.54	73.86
Net Profit/ (Loss) after Tax	37.93	163.97

2. OPERATIONS

The company achieved production of 11462 MT during 2013-14 as compared to 9702 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 5062.57 Lacs during the year 2013-14 as compared to Rs. 4390.50 Lacs during previous year recording a growth of 15%. The profitability of the company is Rs. 37.93 Lacs during the year 2013-14 as compared to profit of Rs. 163.97 Lacs during previous year. Despite achieving higher production and turnover, the profits during 2013-14 are low in comparison to 2012-13, due to increase in raw material prices and power costs, whereas the market prices of company's products remained stagnant during the year 2013-14.