



KOTHARI FERMENTATION & BIOCHEM LIMITED

celebrating

**25
YEARS**

of excellence

ANNUAL REPORT 2014-15

The Institute of Cost Accountants of India



**11TH NATIONAL AWARD FOR EXCELLENCE
IN COST MANAGEMENT - 2013**


Awarded to

Kothari Fermentation and Biochem Ltd.

First Award

Category III: Private - Manufacturing: Organisation (Small)

Date: 25th November 2014
Place: New Delhi


CMA DR. A.S. DURGA PRASAD
President, The Institute of Cost Accountants of India

The Institute of Cost Accountants of India



**12th National Awards for Excellence
in Cost Management-2014**


FIRST AWARD

Awarded to

Kothari Fermentation and Biochem Limited

Private-Manufacturing: Organisation (Small)

Date : 15 July 2015
Place : New Delhi


CMA Dr. A. S. Durga Prasad
President

KOTHARI FERMENTATION AND BIOCHEM LIMITED



KOTHARI FERMENTATION AND BIOCHEM LIMITED

(CIN: L72411DL1990PLC042502)

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

Tel: 011-26850004, Fax: 011-41664840, Email – kfbl@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

CHIEF FINANCIAL OFFICER

Arun Kumar Sekhani

BANKERS

Punjab National Bank
State Bank of Bikaner & Jaipur
ICICI Bank Limited
HDFC Bank

AUDITORS

NAHATA JAIN & ASSOCIATES
Chartered Accountants
New Delhi

REGISTERED OFFICE

1st Floor, 16, Community Centre, Saket,
New Delhi-110017

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-110033

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KOTHARI FERMENTATION AND BIOCHEM LIMITED



NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING of the members of "**KOTHARI FERMENTATION AND BIOCHEM LIMITED**" will be held on Wednesday, the 30th day of September, 2015 at 10:30 A.M. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi - 110 019, 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, 2015 including Audited Balance Sheet as at 31st March, 2015 and Statement of Profit & Loss for the year ended on that date together with Cash Flow Statement and the Reports of Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Kavita Devi Kothari (DIN: 00120415), who retires by rotation and being eligible offers herself 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, on such remuneration as may be determined by the Board.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

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 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 for reference.
2. 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.
3. 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.
4. 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).
5. Register of Members of the Company will remain closed from Wednesday, 23rd day of September, 2015 to Wednesday, the 30th day of September, 2015 (both days inclusive) for the purpose of Annual General Meeting.
6. 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.
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. Electronic copy of the Annual Report for the financial period ending 31.03.2015, along with notice, instructions for e-voting, 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.
9. Members may also note that the Notice of the 25th AGM and the Annual Report 2015 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: kfbf@airtelmail.in.

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10. VOTING THROUGH ELECTRONIC MEANS

a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("**Remote E-Voting**") will be provided by National Securities Depository Limited (NSDL).

b) The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

d) **The remote e-voting period commences on Saturday, September 26, 2015 (9.00 a.m.) and ends on Tuesday, September 29, 2015 (5.00 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 of 23rd day of September, 2015**, 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 NSDL for voting thereafter.

Procedure / Instructions for E-voting

A. In case a Member receives an email from NSDL (for members whose E-mail IDs are registered with the Company/ Depository Participants):

i. Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password

ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>

iii. Click on Shareholder - Login

iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

vii. Select "EVEN" of "Kothari Fermentation & Biochem Limited".

viii. Now you are ready for remote e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vijay.sharma@vkscosecy.com with a copy marked to evoting@nsdl.co.in.

B. In case a Member receives physical copy of the Notice of AGM or members whose email ids are not registered with the Company/ Depository participants or requesting physical copy:

a) Initial password is provided at the bottom of the Attendance Slip for the AGM: **EVEN (E-Voting Number), USER ID; PASSWORD/PIN**

b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

Other instructions for E-voting

(A) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

(B) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

(C) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(D) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd of September, 2015.

(E) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd of September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or kfbl@airtelmail.in.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

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(F) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

(G) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

(H) Mr. V.K. Sharma, Practising Company Secretary (Membership No. - FCS-3440), has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(I) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

(J) The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(K) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.kothariyeast.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai where the shares of the Company are listed.

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

"Re-Appointment of Mrs. Kavita Devi Kothari (DIN: 00120415) (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.

She was appointed as the Whole-Time Director of the company 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 Mrs. Kavita Devi Kothari is provided in this Annual Report.

Upon her re-appointment as a director, Mrs. Kavita Devi Kothari shall continue to hold office as the Whole-Time Director of the Company, and such determination of office by retirement and then re-appointment would not constitute a break in her tenure of service as the Whole-Time Director. Accordingly, the Board recommends her 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.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

PROFILE OF DIRECTORS AND OTHER DIRECTORSHIPS

Mrs. Kavita Devi Kothari (DIN: 00120415)

Mrs. Kavita Devi Kothari is the Whole - Time director of the Company and also one of the Promoters of KFBL. She was appointed as such on 01.04.2013 for a period of 5 years which was subsequently approved by the members at the 23rd AGM held on 28.09.2013 by way of an Ordinary Resolution.

Mrs. Kavita Devi Kothari aged about 48 years is a Graduate and has considerable experience of finance & marketing functions. She has an export business running for over 10 years. She is the wife of Mr. Pramod Kumar Kothari, and has a distinct personality of her own. She has made significant contribution in conceptualizing and guiding the corporate identity of KFBL across all formats.

She holds 2,25,800 Equity Shares of face value of Rs.10/- each, constituting around 1.5% of the total paid-up share capital of the Company.

By order of the Board

For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Isha Gupta
Company Secretary

Regd. Office:
1st Floor, 16, Community Centre,
Saket, New Delhi - 110 017
Dated: 14th of August, 2015

**DIRECTORS' REPORT****TO THE MEMBERS**

Your directors are pleased to present the 25th Annual Report together with the Audited Accounts for the year ended on 31st March 2015:

1. FINANCIAL RESULTS

	2014-2015	(Rs. In lacs) 2013-2014
Turnover	6433.08	5062.57
Profit before Finance Charges & Depreciation	467.87	372.22
Finance Charges	155.30	126.93
Depreciation	172.65	189.82
Profit before Tax	139.93	55.47
Taxes:		
Current Tax	28.25	10.57
Less: MAT Credit Entitlement	(28.25)	(10.57)
Deferred Tax	53.93	17.54
Net Profit/ (Loss) after Tax	86.00	37.93

2. BUSINESS OPERATIONS

During the year under review, your company achieved production of 14026 MT during 2014-15 as compared to 11462 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 6433.08 Lacs during the year 2014-15 as compared to Rs. 5062.57 Lacs during previous year recording a growth of 27.07%. The profitability of the company is Rs. 86.00 Lacs during the year 2014-15 as compared to profit of Rs. 37.93 Lacs during previous year.

Though the beginning of the current financial year 2015-16, saw high rise in the prices of the basic raw material, i.e. Molasses and high operational costs but gradually the company utilizing the limited resources available with concerted efforts achieved a turnover growth of 27% and an increase of 126% in the profits after tax.

The operational performance during the year and the future outlook of the Company has been comprehensively covered in the Management Discussion and Analysis Report which is provided as a separate section in the Annual Report.

3. DIVIDEND

Dividend for the year has not been proposed in order to plough back profits for the growth of the Company.

4. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and pursuant to the company's new set of Articles of Association adopted at the 24th AGM, i.e. on 29.09.2014, the Independent Directors of the Company are not be liable to retire by rotation.

In view of the above, and pursuant to Section 152(6), the remaining directors, being Executive Directors, are now made liable to retire by rotation at every Annual General Meeting. Thus, Mrs. Kavita Devi Kothari (DIN: 00120415) Whole-time Director of the Company retire by rotation and being eligible, offers herself for reappointment. Though, such determination of office by retirement and then re-appointment would not constitute a break in her tenure of service as the Whole-Time Director of the Company.

Brief resume of Mrs. Kavita Devi Kothari, nature of her expertise in specific functional areas and the name of the public companies in which she holds the Directorship, as stipulated under Clause 49 of the Listing Agreement, is given in the notice convening the Annual General Meeting. The Board recommends her appointment as such.

The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Pursuant to Section 203 of the Companies Act, 2013, the company designated the existing Chief Financial Officer, Mr. Arun Kumar Sekhani, as the Key Managerial Personnel of the Company. His consent along with all required disclosures as per the Act were duly obtained and recorded.

5. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the company, work performed by the internal, statutory and secretarial auditors and the reviews performed by the Board and its committees, the Board is of the opinion that the company's internal financial controls were adequate and effective during the financial year 2014-15.

Pursuant to Sec.134 (5) of the Companies Act, 2013 the directors to the best of their knowledge and ability hereby report:

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

KOTHARI FERMENTATION AND BIOCHEM LIMITED



- ii. that the directors have selected 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 2014-15 and of the profit of the company for the year;
- iii. 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis;
- v. that the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CREDIT RATING

Your company's domestic credit rating is 'BB+' as assigned for long term debt facilities with a Stable outlook and an 'A4+' for the short term debt facilities assigned by Credit Rating Information Services of India Limited (CRISIL).

7. AWARDS & ACCOLADES

Your company has won the first prize:

- 11th National Award for Excellence in Cost Management - 2013' for FY 2012-13 and
- 12th National Award for Excellence in Cost Management - 2014' for FY 2013-14,

from the prestigious Institute of Cost Accountants of India, Delhi in the Private – Manufacturing Organization (Small) category. The Award Ceremony was held on 25/11/14 for FY 2012-13 & on 15/7/15 for FY 2013-14.

8. AUDITORS AND AUDITOR'S REPORT

A) Statutory Auditors

M/s Nahata Jain & Associates, Chartered Accountants (Regn. No. 016351N), auditors of your company retire at the ensuing annual general meeting and being eligible offers themselves for re-appointment. The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Board recommends their appointment as auditors from the conclusion of this AGM to the conclusion of next AGM. The notes on accounts are self-explanatory with regards to auditors' observations. There were no qualifications, reservations or adverse remarks made by the Auditors for the year under review.

B) Secretarial Auditor

The Board had appointed M/s V.K. Sharma & Company, Practising Company Secretaries, as Secretarial Auditor to conduct the secretarial audit of the company for the financial year 2014-15, pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor forms part of the Board's Report as **Annexure 'A'**.

"In respect of observations made by the Secretarial Auditors in their Report, it is mentioned that:

1. The company had applied in BSE for listing of 89.05 lacs equity shares issued preferentially to the promoter/ promoter group in the year 2008-09. The Company had applied for listing within stipulated time and furnished all requisite documents for the listing of the same to the BSE. Regular follow up has been done with BSE, but certain queries were raised by the exchange in the year 2012. The Company has duly provided with the exchange all required clarifications and replies and has even paid the additional listing fees, as required. The matter is pending with BSE for its necessary approval.
2. The Company has made payment of Rs. 25 Lacs on account of stamp duty for registration of lease deed of the leasehold land of factory, during the year.

The Board at its meeting held on 14.08.2015 reappointed M/s V.K. Sharma & Company, Practising Company Secretaries as Secretarial Auditor for FY 2015-16.

C) Cost Auditors

As per the provisions of erstwhile Companies Act, 1956 read with Companies (Cost Audit Report) Rules, 2011, the Central Government vide its order dated 24th of January, 2012 directed our industry for conducting of Audit of Cost Accounts and Records.

Now, with the introduction of new Companies Act, the Ministry of Corporate Affairs (MCA) has by notification F.No. 1/40/2013-CL-V dated 31-12-2014 notified the new Companies (Cost Records and Audit) Rules, 2014. As per new rules, our industry has not been included in the list of industries, which have to conduct Audit of Cost Accounts and Records. Hence, Cost Audit is now not applicable on the company.

9. CORPORATE GOVERNANCE

The Company is complying with Clause 49 of the Listing Agreement with regard to Corporate Governance and reports to that effect are being regularly filed with the Stock Exchanges. A report on Corporate Governance practices and the Certificate from the Auditors on compliance of the mandatory requirements thereof are made a part of the annual report.

**10. VIGIL MECHANISM**

The Company has established a vigil mechanism which is overseen by the Audit Committee for the genuine concerns expressed by the employees and the Directors. A comprehensive whistle blower policy has already been adopted by the company which provides adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The policy as approved by the Board is uploaded on the Company's website

at http://www.kothariyeast.in/financial/policies/whistle_blower_policy.pdf.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All related party transactions are negotiated on an arms-length basis and are in the ordinary course of business. None of the transactions with any of related parties were in conflict with the Company's interest. Suitable disclosures as required by the Accounting Standards (AS 18) have been made in the notes to the financial statements. Therefore, the provisions of Section 188(1) of the Companies Act, 2013 are not applicable. The policy on dealing with Related Party Transactions as approved by the Board is placed on the website at http://www.kothariyeast.in/financial/policies/related_party_transactional_policy.pdf.

12. RISK MANAGEMENT POLICY OF THE COMPANY

We have adopted a Risk management policy to identify and categorize various risks, implement measures to minimize impact of these risks where it is deemed necessary and possible, and a process to monitor them on a regular basis.

13. REMUNERATION POLICY AND BOARD EVALUATION

The Board has adopted a Remuneration Policy as recommended by the Nomination & Remuneration Committee. It provides for the following:

- Criteria for determining Qualifications, Positive Attributes & Independence of the Directors.
- The basis for determining remuneration of the Directors, KMP's and other senior managerial personnel. Some of the criteria's are:
 - Responsibilities & obligations of the personnel,
 - Strategies followed & successfully implemented,
 - Performance of the company,
 - Annual targets to the extent achieved,
 - In-depth knowledge & skills required for the job, etc.
- Defining of the Roles and Responsibilities along with the Remuneration of the KMP's and Senior managerial personnel.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually. The manner of evaluation of Independent Directors, Chairman and the Board as a whole was done at a separate meeting held by Independent Directors. The performance evaluation of Independent Directors was done by entire Board, excluding Directors being evaluated.

14. DISCLOSURES**a) Number of Board & Committee Meetings:**

During the year under review, Six Board meetings, Four Audit Committee meetings, Four Stakeholders Relationship Committee meetings and One Nomination & Remuneration Committee meeting were convened and held. Details and attendance of such Board & Committees meetings are mentioned in Corporate Governance Report.

Pursuant to clause VII (1) of Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on 14.02.2015.

The Familiarization Program for the Independent Directors has been developed and has been uploaded on the website at <http://www.kothariyeast.in/financial/familiarization-programme-for-independent-directors.pdf>.

b) Deposits – The Company has not accepted any deposit from public during the year under review.**c) Share Capital** - There was no change in the Company's share capital during the year under review.**d) Audit Committee** – The Company has duly constituted an Audit Committee, whose detailed composition and powers are provided in the Corporate Governance Report. There were no recommendations of the Audit Committee which have not been accepted by the Board during the financial year.

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- e) **Extract Of Annual Return** - The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure 'B'** and is attached to this Report.
- f) **Disclosure pertaining to Managerial Remuneration** - Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as per **Annexure 'C'**. No employee is in receipt of remuneration as laid down in sec. 197(12) read with rule 5(2) and (3) of the above said rules. Hence the disclosure is not applicable on the company
- g) **Particulars of Loans, Guarantees or Investments under Section 186** - There were no loans, guarantees or investments made by the company during the year under review.
- h) **Prevention of Sexual Harassment** - The Company has zero tolerance for sexual harassment at workplace. A policy has been adopted in line with the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. During the year, no complaints pertaining to sexual harassment were received.
- i) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 'D'** and is attached to this report.

ACKNOWLEDGEMENTS

Your Board of Directors is thankful to all the Shareholders for their constant faith reposed in the company. They also placed on record their sincere appreciation for the wholehearted devotion and co-operation extended by the employees at all levels, which has been a source of strength to the company.

The Directors also wish to thank and deeply acknowledge the continued support, guidance and co-operation of the Customers, Auditors, Legal Advisers, Bankers, Dealers, Vendors and other stakeholders of the Company.

Place: New Delhi

Date: 14th of August, 2015

For and on behalf of the Board

Pramod Kumar Kothari
Chairman & Managing Director

ANNEXURE - A

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Kothari Fermentation and Biochem Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Kothari Fermentation And Biochem Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **M/s Kothari Fermentation And Biochem Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Kothari Fermentation And Biochem Limited ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011