



Kothari Fermentation & Biochem Limited

ANNUAL
R E P O R T
2017-18





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 – info@kothariyeast.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

Kavita Tanwar

CHIEF FINANCIAL OFFICER

Arun Kumar Sekhani

BANKERS

Punjab National Bank
State Bank of India
ICICI Bank Limited
HDFC Bank

AUDITORS

KOTHARI KULDEEP & Co.
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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NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING of the members of “KOTHARI FERMENTATION AND BIOCHEM LIMITED” will be held on Friday, the 28th day of September, 2018 at 11:00 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 Audited financial statements of the company for the financial year ended on 31st of March, 2018, the Reports of Board of Directors and Auditors thereon.**

AS SPECIAL BUSINESS

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
“RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to reappoint Mr. Pramod Kumar Kothari, as Chairman and Managing Director of the Company for a period of 5 years with effect from 1st April, 2018 .

RESOLVED FURTHER THAT the remuneration and terms and conditions as set out below and such remuneration will not exceed the limits specified in Section 1 of Part II of Schedule V of the Companies Act, 2013:

- a) Salary Rs. 2,00,000/- per month.
- 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.
- d) Mobile phone and Telephone at residence shall be provided for official purpose.
- 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 as per the rules of the Company.
- 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 of the Company be and is hereby authorized to alter, vary, increase or widen the scope of remuneration and perquisites but subject to and in accordance with the provisions prescribed in the Schedule V of the said act and within overall limit set out in these resolutions.

RESOLVED FURTHER THAT notwithstanding the above where in any financial year, the Company incur a loss or its profits are inadequate, the Company shall pay to Mr. Pramod Kumar Kothari the remuneration by way of salary not exceeding the limits specified under Section II of part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mr. Pramod Kumar Kothari is appointed as Chairman and Managing Director on Board liable to retire by rotation.”

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
“RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to reappoint Mrs. Kavita Devi Kothari, as Whole Time Director of the Company for a period of 5 years with effect from 1st April, 2018 .

RESOLVED FURTHER THAT the remuneration and terms and conditions as set out below and such remuneration will not exceed the limits specified in Section 1 of Part II of Schedule V of the Companies Act, 2013:

- a) Salary Rs. 1,75,000/- per month.
- 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.
- d) Mobile phone and Telephone at residence shall be provided for official purpose.



- 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 as per the rules of the Company.
- h) The Whole Time Director will not be paid any sitting fee for attending the meeting of the Board of Directors or Committee(s) thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter, vary, increase or widen the scope of remuneration and perquisites but subject to and in accordance with the provisions prescribed in the Schedule V of the said act and within overall limit set out in these resolutions.

RESOLVED FURTHER THAT notwithstanding the above where in any financial year, the Company incur a loss or its profits are inadequate, the Company shall pay to Mrs. Kavita Devi Kothari, the remuneration by way of salary not exceeding the limits specified under Section II of part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mrs. Kavita Devi Kothari is appointed as Whole Time Director on Board liable to retire by rotation."

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED

Kavita Tanwar
Company Secretary
ACS - 29486

Date: 14.08.2018
Place: New Delhi

Regd. Office:

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

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. (i) 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.
(ii) 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 Regulation 36(3) of the SEBI Listing Regulations, forms integral part of the notice.
4. **Pursuant to SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, all the shareholders are requested to kindly provide us the following, as per attached format at the end of Annual Report, at our registered Office at 16, Community Centre, 1st Floor, Saket, New Delhi-110017:**
 - a. **Your Pan card number along with the self attested copy of the PAN card;**
 - b. **Bank Account details along with original cancelled cheque leaf/attested bank passbook showing the name, address, account number and IFSC of bank branch of the shareholder;**
 - c. **Your e-mail id for prompt future communication and mobile number.**

In case you are a resident of Sikkim, instead of PAN card, kindly provide us your valid identity proof issued by government and attested by you.

In case of Joint holders, kindly provide us the details of the joint holder who is higher in the order of names (First holder)

Important note:



Kindly note that SEBI, vide its Notification dated June 8, 2018 has mandated that with effect from December 05, 2018, in all listed companies, only Dematerialized securities will be allowed to be transferred except for transmission or transposition of securities. The Company will not be allowed to undertake any physical transfers, thereafter. Accordingly, you are requested that during this transitional period, kindly convert your shareholding in Demat mode.

5. Register of Members of the Company will remain closed from Friday, 21st day of September, 2018 to Friday, the 28th day of September, 2018 (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 during normal business hours on working days upto the date of the AGM.
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 year ending 31.03.2018, along with Notice, Instructions for E-voting, Attendance Slip, Proxy Form and Route Map 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 28th AGM and the Annual Report for the year 2017-2018 will be available on the Company's website, www.kothariyeast.in. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by courier, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@kothariyeast.in.
10. A route map showing directions to reach the venue of the 28th Annual General Meeting of the Company is enclosed as back cover of Annual Report as per the requirement of the "Secretarial Standards 2" on General Meetings.

11. **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 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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).

The instructions for e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

- **Step-1- Details are mentioned below**

How to Log-into NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***



5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

• **Step 2: Details are given below**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to vijay.sharma@vkcosecy.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
 - a) 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.
 - b) 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.



- c) **The remote e-voting period commences on Tuesday, 25th day of September 2018 (9.00 a.m.) and ends on Thursday, September 27th, 2018 (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 21st day of September, 2017**, may cast their votes electronically.

Other instructions

- In case of any queries, 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.
- Member can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- 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 21st September, 2018**.
- 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. 21st September, 2018., may obtain the login ID and password by sending a request at evoting@nsdl.co.in.
- However, if the member is already registered with NSDL for remote e-voting then he can use his existing user ID and password for casting his vote. If he forgets his password, he can reset his 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.
- Mr. V.K. Sharma, Practising Company Secretary (Membership No. – FCS -3440) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- 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.
- 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.
- The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company, i.e. 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.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 2 The Board of Directors of the Company in its meeting held on 30th March, 2018, on recommendation of Nomination and Remuneration Committee and subject to the shareholders' approval has approved re-appointment of Mr. Pramod Kumar Kothari as Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 1st April, 2018 to 31st March, 2023.

Since there has been a considerable increase in the duties and responsibilities performed by the Chairman & Managing Director and after considering the prevailing Managerial Remuneration in Industry, the Board of Directors at their meeting, on the recommendations made by the Nomination and Remuneration Committee, has approved the proposal to increase the salary of Mr. Pramod Kumar Kothari, Chairman & Managing Director from the present Rs. 1,50,000/- per month to Rs. 200,000/- per month, w.e.f. 01.04.2018.

Mr. Pramod Kumar Kothari satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Subsection (3) of Section 196 of the Act for being eligible for extension and is not disqualified from being appointed as Chairman and Managing Director in terms of Section 164 of the Act.

Mr. Pramod Kumar Kothari and his relatives (including Mrs. Kavita Devi Kothari, Whole-Time Director) may be deemed to be concerned or interested in the said resolution. No other Director, KMP or their relatives are concerned or interested in the said resolution.

Considering his expertise, knowledge and experience, the Board has recommended the appointment of Mr. Pramod Kumar Kothari as the Chairman and Managing Director, in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, to be passed as the Ordinary Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mr. Pramod Kumar Kothari, as required to be given pursuant to the Companies Act, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

ITEM NO. 3

The Board of Directors of the Company in its meeting held on 30th March, 2018, on recommendation of Nomination and Remuneration Committee and subject to the shareholders' approval has approved re-appointment of Mrs. Kavita Devi Kothari as



Whole Time Director of the Company for a further period of 5 years w.e.f. 1st April, 2018 to 31st March, 2023.

Since there has been a considerable increase in the duties and responsibilities performed by the Whole Time Director and after considering the prevailing Managerial Remuneration in Industry, the Board of Directors at their meeting, on the recommendations made by the Nomination and Remuneration Committee, has approved the proposal to increase the salary of Mrs. Kavita Devi Kothari, Whole Time Director from the present Rs. 1,25,000/- per month to Rs. 175,000/- per month, w.e.f. 01.04.2018.

Mrs. Kavita Devi Kothari satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Subsection (3) of Section 196 of the Act for being eligible for extension and is not disqualified from being appointed as Chairman and Managing Director in terms of Section 164 of the Act.

Mrs. Kavita Devi Kothari and her relatives (including Mr. Pramod Kumar Kothari, Chairman and Managing Director) may be deemed to be concerned or interested in the said resolution. No other Director, KMP or their relatives are concerned or interested in the said resolution.

Considering her expertise, knowledge and experience, the Board has recommended the appointment of Mrs. Kavita Devi Kothari as the Whole Time Director, to be in the interest of the Company and in view of the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013, to be passed as the Ordinary Resolution as set out in the accompanying Notice for the approval of the Members.

The details of Mrs. Kavita Devi Kothari, as required to be given pursuant to the Companies Act, SEBI (LODR) Regulations 2015 and Secretarial Standards, are attached to the Notice.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 issued by ICSI)

- **Mr. Pramod Kumar Kothari (DIN: 00086145)**

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 53 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 28 years. He looks after technical, legal 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 4.76% of the total paid-up share capital of the Company. His appointment for 5 years is liable to retire by rotation and his reappointment would not constitute a break in his tenure.

He is also a Director in M M Kothari Exim Private Limited, Kothari Thermoplast Private Limited, San Kothari Lifecare private limited, Chaudhry Brothers Traders and Builders Private Limited and Sampat Industrial & Construction Company Limited but does not hold membership of any committees of the Board of such other company.

- **Mrs. Kavita Devi Kothari (DIN: 00120415)**

She 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 her appointment. Mrs. Kothari aged about 50 years is a Graduate and has a considerable experience of Finance and Marketing functions. She looks after finance and marketing functions of the Company. Her strong entrepreneurial skills, as also an undying commitment and belief in her abilities, have been instrumental in bringing KFBL to its present position.

She holds 7,30,800 Equity Shares of face value of Rs.10/- each, constituting around 4.87 % of the total paid-up share capital of the Company. She is also a Director in M/s. Chaudhry Brothers Traders And Builders Private Limited, Kothari Thermoplast Private Limited and San Kothari Lifecare Private Limited but does not hold membership of any committees of the Board of such other company. Her appointment for 5 years is liable to retire by rotation and her reappointment would not constitute a break in tenure

She is the wife of Mr. Pramod Kumar Kothari, the Chairman & Managing Director of Kothari Fermentation & Biochem Limited (KFBL).

The disclosure of relationships between directors inter-se along with the shareholding of the Non-Executive Directors is separately provided later in the report on Corporate Governance.

By order of the Board
For KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

Dated: 14.08.2018

Kavita Tanwar
Company Secretary
ACS - 29486



DIRECTORS' REPORT

TO THE MEMBERS OF

Your directors are pleased to present the 28th Annual Report together with the Audited Accounts for the year ended on 31st March 2018:

1. FINANCIAL RESULTS	(Rs. In lacs)	
	2017-2018	2016-2017
Turnover	8769.39	7909.16
Profit before Finance Charges & Depreciation	1196.59	900.11
Finance Charges	165.59	152.98
Depreciation	312.69	259.43
Profit before Tax	718.31	487.70
Taxes:		
Current Tax	148.66	98.31
Deferred Tax	36.22	67.98
Net Profit/(Loss) after Tax	533.43	321.41

2. BUSINESS OPERATIONS

During the year under review, your company achieved production of 16653 MT as compared to 14968 MT in previous year. The turnover of the company has increased to Rs. 8769.39 Lakhs during the year 2017-18 as compared to Rs. 7909.16 Lakhs during previous year recording a growth of 10.88%. The profitability of the company is Rs. 533.43 Lakhs during the year 2017-18 as compared to profit of Rs. 321.41 Lakhs during the previous year.

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

The Board of Directors of your Company at its meeting held on 30th March, 2018 on the recommendation of Nomination and Remuneration Committee approved re-appointment of Mr. Pramod Kumar Kothari as Chairman and Managing Director and Mrs. Kavita Devi Kothari as Whole time Director of the Company w.e.f. 1st April, 2018.

During the year under review term of all directors who are liable to retire by rotation is expiring and is placed before shareholder for their approval, thus during the period under review no director is liable to retire by rotation at the ensuing AGM pursuant to provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

The information on the particulars of Directors eligible for appointment and re-appointment in terms of regulation 36 of SEBI (LODR) Regulations 2015 and Secretarial Standard -2 issued by ICSI has been provided in the notes to the notice convening the Annual General Meeting. Your Directors recommend their re-appointment on the terms and conditions as set out in the notice convening forthcoming AGM.

The Independent Directors have submitted their declaration that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable.

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 2017-18.

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;
- 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 2017-18 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 'BBB-' for long term debt facilities and an 'A3' for the short term debt facilities assigned by SMERA Ratings Limited



7. CERTIFICATIONS

Your company has been certified as ISO 9001:2015 on 09.07.2018 or its quality management systems employed at every level of the organization.

8. AUDITORS AND AUDITOR'S REPORT

A) Statutory Auditors

In terms of the provisions of the section 139 of the Companies Act, 2013, the shareholders have appointed M/s Kothari Kuldeep and Co., Chartered Accountants as Statutory Auditor of the Company for a term of five year from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company to be held in the year 2022. Ratification of their appointment from Shareholders at ensuing AGM is not required.

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 Auditors

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 2017-18, 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 Lakhs equity shares issued preferentially to the promoter/ promoter group in the year 2008-09 & 2009-2010. 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 demanded by BSE. The matter is pending with BSE for its necessary approval. During the year BSE approved the listing of 59,05,000 shares out of 89,05,000 shares. Listing of remaining 30,00,000 shares is under process with BSE.
2. The Company has appealed against the order of Income Tax Department before the Commissioner of Income tax Appeals, New Delhi within prescribed time limit. However, the Company received the stay order against the demand raised by income tax department from the Hon'ble High Court. The Company's management including its tax advisors believes that its position will likely be upheld in the appellate process whereby it is expected that the matter will be decided in favour of the Company and the demand raised will be dropped by the Appellate Authorities.

The Board at its meeting held on 23.05.2018 reappointed M/s V.K. Sharma & Company, Practising Company Secretaries as Secretarial Auditor for FY 2018-19.

9. CORPORATE GOVERNANCE

The Company is complying with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as applicable 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

A comprehensive Vigil mechanism/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. 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. RISK MANAGEMENT POLICY OF THE COMPANY

Your company has 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.

12. REMUNERATION POLICY AND BOARD EVALUATION

The Board has adopted a Remuneration Policy as recommended by the Nomination & Remuneration Committee. It provides for the criteria for determining Qualifications, Positive Attributes & Independence of the Directors, defining the criteria of the remuneration of the KMP's and Senior managerial personnel along with their roles and responsibilities. The aim is to ensure that the company attracts and retains competent people.

The Board has carried out an Annual Performance Evaluation of its own performance and the Directors individually. The Disclosures relating to the same are provided in the Corporate Governance Report.

13. DISCLOSURES

a) Number of Board & Committee Meetings:

During the year under review, Six Board meetings, Five Audit Committee meetings, Four Stakeholders Relationship Committee meetings and Three 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 14.02.2018.

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.