

22nd Annual Report 2011-2012



KOTHARI FERMENTATION AND BIOCHEM LIMITED



BOARD OF DIRECTORS

Moti Lal Kothari	<i>Chairman & Managing Director</i>
Pramod Kumar Kothari	<i>Managing Director</i>
Prasanna Kumar Pagaria	<i>Non Executive Independent Director</i>
Ratan Lal Dudheria	<i>Non Executive Independent Director</i>
Kapil Dev Puri	<i>Non Executive Independent Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Manoj Kumar Pareek

BANKERS

State Bank of Bikaner & Jaipur
ICICI Bank Limited
Standard Chartered Bank
Punjab National 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. Bullandshar (U.P)

SHARE TRANSFER AGENT

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

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KOTHARI FERMENTATION AND BIOCHEM LTD.

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

NOTICE OF TWENTYSECOND ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTYSECOND ANNUAL GENERAL MEETING of the members of "KOTHARI FERMENTATION AND BIOCHEM LIMITED" will be held on Saturday, the 29th day of September, 2012 at 02:30 P.M. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019, to transact the following businesses:

AS ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2012 and the Balance Sheet as at 31st March, 2012 together with Reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prasanna Kumar Pagaria, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the auditors and to fix their remuneration, M/s Nahata Jain & Associates, Chartered Accountants, New Delhi are retiring at the ensuing Annual General Meeting and are eligible for re-appointment.

NOTES

1. a) **A member entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company. However, the company shall have the right to fully verify the identity of proxy.**
b) **Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.**
c) **Members / Proxies should bring the attendance slip duly filled in for attending the meeting.**
2. Members attending the meeting are requested to bring their copy of Annual Report, as extra copies will not be supplied.
3. Members who are holding physical shares in identical names in more than one folio are requested to write to the Company/ Share Transfer Agent to enable the Company to consolidate their holdings in one folio. Further, members are also requested to immediately notify to the Company/Share Transfer Agent any change in their address with the postal area pin code number quoting their folio number.
4. Register of Members of the Company will remain closed from Wednesday, the 26th September 2012 to Saturday, the 29th September 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the notice are open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of meeting.
6. Demat facility: The shares of the company fall under the category of compulsory delivery in dematerialized form by all categories of investors. The company had signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. The shareholders are requested to get their shares in Demat form.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready at the time of Annual General Meeting.
8. The Management is confident of shareholders' co-operation for smooth conduct of the meeting.

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

Mr. Prasanna Kumar Pagaria aged about 49 years is a commerce Graduate. He is a businessman in Delhi. He was appointed as director of the company on 31.10.2001.

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

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

MANOJ KUMAR PAREEK
Company Secretary

Dated: 29th August, 2012



DIRECTORS' REPORT

**TO THE MEMBERS OF
KOTHARI FERMENTATION AND BIOCHEM LTD.**

Your directors are pleased to present the 22nd Annual Report together with the Audited Accounts for the year ended on 31st March 2012:

1. FINANCIAL RESULTS

(Rs. in lacs)

	2011-2012	2010-2011
TURNOVER:		
MANUFACTURING	3524.90	2480.30
PROFIT BEFORE INTEREST & DEPRECIATION	478.67	308.06
FINANCE CHARGES	103.44	29.94
DEPRECIATION	143.04	138.33
PROFIT BEFORE TAX	232.20	139.79
TAXES (Deferred Tax)	71.80	NIL
NET PROFIT/ (LOSS) AFTER TAX FOR THE YEAR	160.39	139.79

2. OPERATIONS

During the year, the capital expenditure incurred on balancing equipments has resulted in better utilization of plant & machineries. Various steps have been initiated for increasing production and improving operating efficiencies.

The company achieved production of 8481 MT during 2011-12 as compared to 6530 MT in previous year. Resultantly the turnover of the company from manufacturing activities has increased to Rs. 3524.90 Lacs during the year 2011-12 as compared to Rs. 2480.30 Lacs during previous year. The profitability of the company is Rs. 160.39 Lacs during the year 2011-12 as compared to profit of Rs. 139.79 Lacs during previous year.

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

3. CURRENT YEAR'S OUTLOOK

The additional investment made in plant & machineries will result in increase of production. Various steps have been taken for cost reduction and improving operating efficiencies.

The Company Plan to Install additional Equipment in Plant and Machinery which will result in increase of production as well as up-gradation of the quality of the products

In view of above it is expected that the production and profitability of the company will substantially improve during the current year.

The State Excise department have increased the quota of molasses from 17352 MT per annum to 30720 MT per annum. Electricity connection load have also been enhanced from 1700 KVA to 3000 KVA. This will result in sufficient availability of resources and increase in production.

4. FIXED DEPOSITS

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

5. DIRECTORS

In accordance with the provisions of the Companies Acts, 1956 and the Articles of Association of the Company, Mr. Prasanna Kumar Pagaria is retiring from the Board by rotation and being eligible offers himself for reappointment.

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

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

7. PERSONNEL

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

**8. AUDITORS**

M/s Nahata Jain & Associates, Chartered Accountants, auditors of your company retire at the ensuing annual general meeting and being eligible offers themselves for re-appointment. The Board recommends their appointment as auditors from the conclusion of this meeting to the conclusion of next annual general meeting. The notes on accounts are self-explanatory with regards to auditors' observations.

9. COMPLIANCE CERTIFICATE FROM COST AUDITORS

Pursuant to section 233B of Companies Act, 1956 read with Cost Audit Rules 2011, the Company will receive the " Cost Audit Compliance Report for the Financial Year-2011-12 from M/s HMVN & Associates, Cost Accountants, Delhi and file the same with Govt. within stipulated time.

10. COST AUDITOR

The Board of Directors of your Company has recommended M/s HMVN & Associates, Cost Accountants, Delhi to be appointed as a Cost Auditors for the Financial Year-2012-13, subject to approval of the Central Government under section 233B of the Companies Act, 1956.

11. LISTING OF SHARES

The company's shares are listed at Stock Exchanges situated at Delhi, Mumbai, Kolkata, Jaipur and Guwahati. The listing at Delhi and Mumbai is continued, and the listing fee has been paid upto date. Action has already been initiated for delisting of shares from stock exchanges at Kolkata, Jaipur, and Guwahati. All the formalities have been complied with in relating to delisting and as such the listing fee to these Stock Exchanges were not paid.

12. CORPORATE GOVERNANCE

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

11. MANAGEMENT DISCUSSION AND ANALYSIS

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) 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 2011-12 and of the profit or loss of the company for that year.
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) that the directors have prepared the annual accounts on a going concern basis.

13. ACKNOWLEDGEMENTS

Your directors place 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 of the company.

The directors also wish to thank and deeply acknowledge the cooperation, assistance and support extended by the shareholders, the Dealers , vendors , bankers and financial institution of the Company.

For and on behalf of the Board

Place : New Delhi
Date : 29th August, 2012

Pramod Kumar Kothari
Managing Director



ANNEXURE – I
INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2012.

(I) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

	FOR THE YEAR ENDED ON 31ST MARCH, 2012	FOR THE YEAR ENDED ON 31ST MARCH, 2011
1. CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION		
a) Electricity		
Units Consumed	8005538	6538360
Total Amount (Rs. in Lacs)	458.56	379.571
Rate/Unit Rs.	5.73	5.80
b) HSD/Furnace Oil		
Quantity (litres)	46540	115440
Total Amount (Rs. in Lacs)	17.23	36.452
Average Rate per Ltr. (Rs.)	37.02	31.57
c) Agro Fuel		
Quantity (MT)	3541.18	3736.37
Total Amount (Rs. in Lacs)	125.76	133.80
Average Rate per MT (Rs.)	3551.46	3580.98
2. RESEARCH AND DEVELOPMENT		
Expenditure on R & D		
a) Capital (Rs. in lacs)	9.66	0.00
b) Recurring (Rs. in lacs)	8.31	9.95
c) Total (Rs. in lacs)	17.97	9.95
d) Total R & D expenditure as percentage of turnover of Manufacturing activity	0.51	0.40
3. FOREIGN EXCHANGE EARNINGS AND OUTGO.		
Foreign exchange earnings (Rs.in lacs)	-	-
Foreign exchange outgo (Rs.in lacs)	217.31	4.01

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

The company has business of Manufacturing Yeast during the year 2011-12.

Industry Structure and Developments

In Indian yeast Industry, there are three major companies manufacturing yeast including our company. The other two companies are multi national companies. We have an excellent team of technical and commercial professionals with expertise in yeasts manufacture and marketing. We have better quality of our products in comparison of products of these multi national companies.

Opportunities and Threats

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

Due to presence of Multi National Companies (MNCs) in yeast industries in India, the competition in the market is obvious. Your



Company, through continuous Research and Development efforts and quality of its products has been able to maintain of quality of yeast products comparable with multinational companies.

Further the yeast industries is subjected to pollution problems and although we have achieved zero discharge of polluted water by installing MEE (Multi Effect Evaporator) yet rare pollution problem can not ruled out.

Segment wise Performance

There was only One segments in the company during 2011-12, i.e. manufacturing of yeast. The comparison of financial data with previous year’s data, is provided under the heading “Discussion on Financial Performance with respect to Operational Performance” later in this Report.

Future Outlook

The company is regularly reviewing its whole structure and making changes for future improvements. Your directors are confident of further increase in production during the current year. Various steps have been initiated for cost reduction and improving operating efficiencies. The Company expects to earn more profits in current year by higher production and efficiency. The Company further plans to Install additional balancing equipment in plant and machinery to increase its installed capacity as well as up-gradation of quality of the products.

Internal Control System and their adequacy

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

Discussion on Financial Performance with respect to Operational Performance

Particulars	2011-12 (Rs. in lacs)	2010-11 (Rs. in lacs)
	Manufacturing of Yeast	Manufacturing of Yeast
a) Revenue		
— Net sales	3524.90	2480.30
b) Result		
— Before Tax & Interest	335.64	160.98
Less:		
i) Finance Exp.	103.44	29.94
ii) Other Unallocable Exp.		
Net Profit before Tax.	232.19	139.79
c) Capital Employed	2605.34	2369.75

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

The Company believes that the competence and commitment of its people are the key drivers for growth of our organization. There have been excellent relation between the employees at various levels and the management. The Company responds to genuine grievances of employees in order to foster warm and cordial relationships between the management and the employees, increases job satisfaction of employees and ensure that employees can add value to their lives. There were 180 persons directly employed by the Company during the previous financial year on an average basis

For and on behalf of the Board

Place : New Delhi
Date : 29th August, 2012

Pramod Kumar Kothari
Managing Director



REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. The report on corporate governance for the year 2011-12 is given below:

1. Company's Philosophy on Code of Governance:

During the last ten years, since the requirement of clause 49 of the Listing Agreement became applicable to the company, there has been continuous review of its corporate governance practices to ensure adherence to the latest corporate developments and conform to the corporate governance practices prescribed by the authorities. Effective Corporate Governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice. Achieving this depends upon the accountability and transparency. Accountability improves decision-making and transparency helps to explain the rationale behind decisions, and thereby builds shareholders and other stakeholder's confidence.

2. Board of Directors:

- (i) The Board of Directors consists of five Directors viz. Mr. Moti Lal Kothari (Chairman and Managing Director), Mr. Pramod Kumar Kothari (Managing Director), Mr. Prasanna Kumar Pagaria, Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri. Mr. Moti Lal Kothari and Mr. Pramod Kumar Kothari are the executive Directors and the other three Directors are Independent Non-Executive Directors. The company, therefore, meets the composition criteria. Mr. Moti Lal Kothari looks after finance and overall management of the company, and Mr. Pramod Kumar Kothari looks after the technical and marketing side of the company.

Composition & Category of Directors

Particulars	Number of Directors	Percentage of composition
Executive Director	2	40%
Non-executive Independent Director	3	60%
Total	5	100%

- (ii) During the year under review, 11 Board meetings were held on April 06, 2011, May 14, 2011, August 12, 2011, September 13, 2011, September 19, 2011, November 14, 2011, November 29, 2011, December 27, 2011, January 24, 2012, February 14, 2012, March 31, 2012. The composition of Board of Directors, attendance of directors at the board meetings and Annual General Meeting as also the number of other directorships in Indian Public Limited Companies and memberships of the committees of the Board of such companies are as follows:

Name of the Director	Category of Director	Attendance at last AGM	No. of Board meetings attended	No. of other Directorships#	Other Board's Committees	
					Chairman	Member
Mr. Moti Lal Kothari	Executive Promoter director	Yes	10	1	NIL	NIL
Mr. Pramod Kumar Kothari	-Do-	Yes	10	1	NIL	NIL
Mr. Prasanna Kumar Pagaria	Independent Non-executive Director	Yes	8	NIL	NIL	NIL
Mr. Mal Chand Sharma	-Do-	No	5	NIL	NIL	NIL
Mr. Ratan Lal Dudheria	-Do-	No	4	NIL	NIL	NIL
Mr. Kapil Dev Puri	-Do-	No	4	1	NIL	NIL

Number of other Directorships held in Public Limited Companies.

(iii) Disclosure of relationships between Directors inter-se

Name of the Director	Designation of Director	Relationships Inter-se
Mr. Moti Lal Kothari	Chairman & Managing Director	Father of Mr. Pramod Kothari, who is a Managing Director of the Company
Mr. Pramod Kumar Kothari	Managing Director	Son of Mr. Moti Lal Kothari, who is a Chairman-cum-Managing Director of the Company
Mr. Prasanna Kumar Pagaria	Non-executive Independent Director	No Relationship Inter se
Mr. Kapil Dev Puri	Non-executive Independent Director	No Relationship Inter se
Mr. Ratan Lal Dudheria	Non-executive Independent Director	No Relationship Inter se



3. Committees of the Board

There are three committees of the Board of Directors, which have been delegated adequate powers to discharge their respective functions. These Committees are – (i) Audit Committee, (ii) Remuneration Committee, (iii) Shareholders'/Investors' Grievance Committee. The details of these committees are as follows:

(i) Audit Committee

• Terms of Reference

As per clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, an Audit Committee exists in the company which has been delegated all the requisite functions and powers. The committee also approves the internal audit program and discusses with internal auditors and regular auditors, their observations, suggestions and findings, internal control system, scope of audit, other related matters. Audit Committee also advises the management on the areas where internal audit can be improved. It also discusses the major accounting policies followed by the company. The minutes of the Audit Committee meetings are regularly placed before the Board of Directors in their meeting and approved by them.

• Composition

The Committee was reconstituted on 14.11.2011 with Mr. Prasanna Kumar Pagaria as Chairman along with Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri, as members. All three of them are non-executive independent Directors. Permanent invitees to the committee include Mr. Moti Lal Kothari, Managing Director, who is also the Director In-charge of Finance, the Statutory Auditors and the Internal Auditors. The company secretary is the Secretary of the committee. The Committee met 5 times during the year and the attendance at the meetings was as follows:

Name of the Member	Status	No. of Meeting attended
Mr. Prasanna Kumar Pagaria	Chairman	5
Mr. Mal Chand Sharma	Member	2
Mr. Ratan Lal Dudheria	Member	3
Mr. Kapil Dev Puri	Member	2

• Whistle Blower Policy

The Company has communicated to all its employees the “Whistle Blower Policy” and the Company has not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to “Whistle Blowers” from unfair termination and other unfair or prejudicial employment practices.

(ii) Remuneration Committee

• Terms of Reference

The Board of Directors reconstituted the Remuneration Committee on 14.11.2011 with Mr. Prasanna Kumar Pagaria as Chairman along with Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri, all three non-executive independent Directors. The powers of Remuneration Committee are to recommend and approve the remuneration payable to Managing Directors and also to review and approve recruitment policy, compensation package including annual increments, promotions etc. of senior executives.

• Composition

The committee consists of three non-executive independent Directors viz. Mr. Prasanna Kumar Pagaria, Mr. Ratan Lal Dudheria and Mr. Kapil Dev Puri. Two meeting of the committee was held during the year and the attendance at the meeting was as follows:

Name of the Member	Status	No. of Meeting attended
Mr. Prasanna Kumar Pagaria	Chairman	2
Mr. Ratan Lal Dudheria	Member	1
Mr. Mal Chand Sharma	Member	1
Mr. Kapil Dev Puri	Member	1

• Remuneration Policy

The Remuneration payable to the Directors and employees is linked with the performance of the company.


Details of Remuneration paid to Directors for the year 2011-2012
(a) Executive Directors:

PARTICULARS	MR. MOTI LAL KOTHARI (Rs.)	MR. PRAMOD KOTHARI (Rs.)
Salaries	3,30,000	3,90,000
TOTAL	3,30,000	3,90,000

(b) Non- Executive Directors:

No Remuneration was paid to Non-executive Directors during the year 2011-12. Further no sitting fee was paid to the non-executive Directors during the year 2011-12.

(iii) Shareholders'/Investors' Grievance Committee:
• Terms of Reference and Composition

The Board of Directors reconstituted the "Shareholders'/Investors' Grievance Committee" in its meeting held on 14.11.2011. The Committee deals with all the work relating to transfer & transmission of shares and redressal of shareholder and investors' complaints like transfer of shares, non-receipt of balance sheet, change of address, etc. The Committee is comprised of three Directors viz. Mr. Prasanna Kumar Pagaria, Mr. Pramod Kumar Kothari and Mr. Moti Lal Kothari with Mr. Prasanna Kumar Pagaria (Non-Executive Director) as the Chairman of the committee. Mr. Manoj Kumar Pareek is the Company Secretary-cum-Compliance Officer of the Company.

• Shareholders complaints and disposal thereof

The complaints of the shareholders are either addressed to the company secretary or share transfer agents of the company i.e. Abhipra Capital Limited. The status of pending shareholder's/ investor's complaints is regularly reviewed at the Shareholders'/Investors' Grievance Committee Meeting as well as in the board meetings itself on quarterly basis. There was no investor complaint pending as on 31.03.2012.

As per clause 47 (f) of the Listing Agreement an E-Mail ID (i.e. kfbf@airtelmail.in) has been designated especially for the redressal of the shareholders' and investors' grievances, by the company. The mails are periodically reviewed by the Committee.

Investor Grievance Received and Attended During the Year 2011-12

S.No.	Nature	Opening	Received	Attended	Pending
1.	Non-receipt/ Loss of share certificate	Nil	Nil	Nil	Nil
2.	Letters from Stock Exchange, SEBI, etc.	Nil	1	1	Nil
3.	Non-receipt of Dividend/ Balance-Sheet	Nil	Nil	Nil	Nil
4.	Others (Change of Address, Demat., etc.)	Nil	8	8	Nil

The Company generally attends all queries of investors within a period of fortnight from the date of receipt.

• Pending Share Transfers

There was no pending share transfer as on 31.03.2012.

4. Annual General Meetings

AGM	YEAR	VENUE	DATE	TIME
21 st	2010-2011	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	30.09.2011	02.30 P.M.
20 th	2009-2010	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	30.09.2010	02.30 P.M.
19 th	2008-2009	Bipin Chandra Pal Memorial Trust Auditorium, Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019	30.09.2009	09:30 A.M.

No resolution requiring Postal Ballot under section 192A of the Companies Act, 1956 was placed before the last AGM. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.



Special Resolution passed in previous three Annual General Meetings

AGM	YEAR	Subject of special Resolution	Time
21 st	2010-2011	NIL	30.09.2011
20 th	2009-2010	NIL	30.09.2010
19 th	2008-2009	To decide the appointment and remuneration of Managing Directors	30.09.2009

5. Disclosures

- (i) The Company has no subsidiary company. The transactions with the related parties, in which Directors, relatives or the management, etc., are interested, have been incorporated in Note 35(b): Notes forming part of Accounts, as per Accounting Standard 18.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets for non-compliance by the company during the last three years.
- (iii) Financial statements of the company are prepared in accordance with the Accounting Standard as issued by the ICAI. The deferred tax assets / liabilities (AS-22) have been recognised by way of prudence.

6. Means of Communication

Half-yearly result	The results of the company are published in newspapers and sent to Stock Exchanges. The results are also displayed at the websites of Mumbai Stock Exchange www.bseindia.com .
Quarterly results	—Do—
Which newspaper normally published in	"Financial Express " & "Jansatta"
Any website where displayed	www.bseindia.com , & www.kothariyeast.in
Whether it also displays official news releases	—Yes—
The presentations made to institutional investors or to the analysts	None during the year
Whether MD & A is a part of annual report or not	Yes, forms part of annual report

7. General Shareholder Information

(i) 22nd Annual General Meeting:

Venue : "Bipin Chandra Pal Memorial Trust Auditorium",
Satindra Mohandev Charitable Medical Centre,
A-81, Chittranjan Park, New Delhi-110019

Time : 02:30 P.M.

Day & Date : Saturday, the 29th day of September, 2012

(ii) Financial Calendar :

Financial Year 2012 - 2013		
1. First Quarterly Results	(Unaudited - Limited Review)	July-August 2012
2. Second Quarterly Results	-----Do-----	October-November 2012
3. Third Quarterly Results	-----Do-----	January-February. 2013
4. Fourth Quarterly Results	-----Do-----	April-May 2013
5. Annual Results	(Audited)	August 2013

(iii) Book Closure

Share Transfer Books and Register of Members shall remain closed from Wednesday, the 26th September 2012 to Saturday, the 29th September 2012 (both days inclusive).


(iv) Dividend Payment Date

The Board of Directors has not recommended any dividend during the year.

(v) Listing on Stock Exchanges and Stock Codes

S. No.	Name & Address of the Stock Exchange	Stock Code
1.	BSE Limited, Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Mumbai - 400 001.	507474
2.	The Delhi Stock Exchange Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002.	6395
3.	The Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata - 700 001.	Applied for Delisting on 12th June, 2000
4.	Jaipur Stock Exchange Ltd., Stock Exchange Building, Jawaharlal Nehru Marg, Malviya Nagar, Jaipur - 302 017.	—Do—
5.	Gauhati Stock Exchange Ltd., Saraf Building Annexe, A.T. Road, Gauhati - 781 001.	—Do—

Annual Listing Fees for the year 2011-2012 have been paid to BSE and Delhi Stock Exchange. The Listing Fees for other three stock exchanges have not been paid as the company has sought for delisting of its shares from these stock exchanges.

(vi) Market Price Data

Monthly high/low prices and trading volumes during the financial year 2011-12 on BSE are given hereunder:

Month	High	Low	No. of Trades	No. of Shares Traded
April 2011	7.40	6.19	72	11627
May 2011	7.39	5.95	40	3340
June 2011	6.86	5.86	126	21339
July 2011	6.99	5.85	127	17532
August 2011	7.74	6.41	156	30536
September 2011	8.43	5.96	157	34240
October 2011	9.40	7.95	183	30653
November 2011	12.00	7.01	161	21952
December 2011	10.93	6.93	202	24330
January 2012	11.25	8.26	212	18466
February 2012	11.65	9.10	265	131824
March 2012	10.50	8.12	115	17986

(vii) Registrar and Transfer Agents

Abhipra Capital Limited,
Abhipra Complex,
Dilkhush Industrial Area,
A-387, G.T. Karnal Road, Azadpur, Delhi - 110033
Tel. 42390725, 42390708

(viii) Share Transfer System

The Managing Director, Executive Director and the Company Secretary/ Compliance Officer are individually authorized to attend to share transfers and issue of duplicate share certificates once a fortnight.

The share transfers effected by the above delegated authority are approved by the Investors' Grievance & Share Transfer Committee once in a quarter.

The share transfer requests received in physical form by the Company or the Company's Registrar and Transfer Agent, are registered within a period of 15 to 30 days from the date of receipt. Requests for dematerialisation received from the shareholders are effected within a period of maximum 15 days.

There was no pending share transfer request as on 31.3.2012.



(ix) Distribution of Shareholding

The distribution of shareholding as on 31st March 2012 was as follows:

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 5000	7024	2926	9950	840815	430488	1271303	5.605	2.870	8.475
2	5001 To 10000	68	195	263	57100	165889	222989	0.380	1.105	1.485
3	10001 To 20000	15	91	106	22400	139653	162053	0.150	0.931	1.080
4	20001 To 30000	7	28	35	17000	72216	89216	0.113	0.481	0.595
5	30001 To 40000	4	14	18	14300	49550	63850	0.095	0.330	0.425
6	40001 To 50000	4	9	13	18400	42242	60642	0.122	0.281	0.405
7	50001 To 100000	5	15	20	41500	115376	156876	0.276	0.769	1.045
8	Above 100000	7	19	26	282400	12690671	12973071	1.882	84.604	86.490
	Total	7134	3297	10431	1293915	13706085	15000000	8.63	91.370	100.000

S. No.	Nominal Value of Equity Shares held (Rs.)	No. of Shareholders			No. of shares held			% to Total No. of shares		
		Physical	Demat	Total	Physical	Demat	Total	Physical	Demat	Total
1	Upto 1,00,000	7127	3278	10405	1011515	1015414	2026929	6.743	6.769	13.512
2	More than 1,00,000	7	19	26	282400	12690671	12973071	1.88	84.604	86.490
	Total	7134	3297	10431	1293915	13706085	15000000	8.625	91.370	100

Details of shareholding as on 31st March 2012, was as under:

S.No.	Category	No. of Shares held	% Shareholding
1.	Promoters	11227200	74.848
2.	Financial Institutions, Banks and Mutual Funds	19400	0.129
3.	NRIs, Foreign Nationals, OCBs and FIIs	2358	0.016
4.	Indian Public	2820314	18.802
5.	Private Corporate Bodies	930728	6.205
	TOTAL	1,50,00,000	100.000

(x) Dematerialisation of Shares and Liquidity

The shares of the company fall under the category of compulsory delivery in dematerialised form by all categories of investors. The company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. The company's shares bear ISIN INE991B01010 with both the depositories. About 91.370% of the issued share capital of the company was held in Demat Mode as on 31st March, 2012.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity : NIL

(xii) Location of Plant

Village Rajarampur, Industrial Area, Sikandrabad, District Bulandshahr (U.P.) - 203205

(xiii) Address for Correspondence:

1. With the Company:

Kothari Fermentation & Biochem Ltd.,

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

Tel. : 26850004, E-Mail : kfbf@airtelmail.in , Website : www.kothariyeast.in



2. With the R & T Agent

The shareholders may also address their correspondence to the R & T Agent of the Company; their address is given in point no. (vii) above.

3. As per clause 47(f) of the Listing Agreement, the company has designated an e-mail ID for the investors' grievance redressal, i.e. kfbf@airtelmail.in

(xiv) Investor Relations

All the queries received from shareholders during the Financial Year 2011-12 have been responded by the R&T Agent and generally replied to the queries within a fortnight.

8. CEO/ CFO Certification: As required under the revised guidelines on corporate governance, a certificate from CEO / CFO was obtained and laid down before the board of Directors.
9. Compliance: The certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is annexed with this report.
10. Declaration of Compliance with Code of Conduct: This is to certify that as provided under Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, the Board members and the senior management personnel have affirmed to the compliance with Code of Conduct and Ethics for the twelve months period ended 31st March, 2012.

The non-mandatory requirements, wherever necessary, have been complied with.

For and on behalf of the Board

Place : New Delhi
Date : 29th August, 2012

Pramod Kumar Kothari
Managing Director



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Kothari Fermentation & Biochem Ltd.

We have examined the compliance of conditions of Corporate Governance by Kothari Fermentation & Biochem Ltd. during the year ended on 31st March 2012, as stipulated in revised clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company, as certified by the Share Transfer Agents of the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

FOR NAHATA JAIN & ASSOCIATES

Chartered Accountants

Regn. No. 016351-N

Place: New Delhi

Date: 29th August, 2012

ANIL K.JAIN

Partner

M. No. 93912

**AUDITORS' REPORT**

To,
The Members of

KOTHARI FERMENTATION AND BIOCHEM LIMITED

We have audited the attached Balance Sheet of **KOTHARI FERMENTATION AND BIOCHEM LIMITED** as at 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibilities of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act.,1956, we enclose in the annexure a statement on matters specified in paragraphs 4 and 5 of said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books of head office, works and branch offices;
 - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement of the Company, comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, in so far as they are applicable to the company.
 - e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the said directors are disqualified as on 31st March 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit & Loss Account and the Cash Flow Statement, read together with the Notes and significant accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - II. In the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date.
 - III. In case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **NAHATA JAIN & ASSOCIATES**
Chartered Accountants
Regn. No. 016351-N

(ANIL K. JAIN)
Partner, M. No.93912

Place : New Delhi
Date : 29th August, 2012

**ANNEXURE REFERRED TO IN PARA-1 OF THE AUDITORS' REPORT TO THE MEMBERS OF KOTHARI FERMENTATION AND BIOCHEM LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31.03.2012.**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

01. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
02. In respect of inventories
 - a) As explained to us inventories have been physically verified by the management at regular intervals during the year.
 - b) In our opinion, procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business
 - c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account
03. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. During the year, the company has granted unsecured loan to two parties covered in the register maintained u/s 301 of the Companies Act, 1956 and the same was received back during the year. The amount involved was Rs. 195.15 lacs. However, during the year no interest has been charged on such accounts.
 - b. During the year, the company has not taken any loan secured or unsecured loan from companies, firms and other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Consequently, clauses 3(e) to 3(g) of paragraph 4 of CARO are not applicable.
04. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventories and fixed assets and sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control system.
05. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance to Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transaction, if any, made in pursuance of contract or arrangements entered in the registers maintained under Section 301 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
06. The company has not accepted any deposits from the public thus the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable.
07. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
08. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
09. In respect of statutory dues:
 - a. According to the records of the company, the company is generally regular in depositing the undisputed statutory dues with appropriate authorities; however there were few cases of delays in deposit of provident fund, ESI contributions and tax deducted at source.



- b. According to the information and explanations given to us and as per the books and records examined by us, there are no dues of income tax, sales tax, service tax, wealth tax, excise duty, custom duty, cess, etc., which have not been deposited on account of any dispute, except following:

Statue	Nature	Amount involved	Period	Forum where dispute is pending
Central Excise Act	Demand of duty due to non-allowability of expenses	Rs. 2.52 Lacs	1994-95	CESTAT, New Delhi

10. The company has no accumulated losses as at 31st March, 2012. The company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks. The company has no debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly clause (xiii) of para no. 4 of the Companies (Auditor's Report) (amended) Order, 2004 is not applicable.
14. According to the information & explanation given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of para no.4 of the Order is not applicable.
15. According to the information & explanation given to us and on our overall examination of balance sheet of the company we are of the opinion that the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loan have been applied for the purposes for which they were raised.
17. According to the information and explanation given to us and on our overall examination of the balance sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term purposes or vice versa.
18. During the year, the Company has not made any preferential allotment of shares.
19. The company has not issued any debentures during the year.
20. The company has not made any public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **NAHATA JAIN & ASSOCIATES**
Chartered Accountants
Regn. No. 016351-N

(ANIL K. JAIN)
Partner, M. No.93912

Place : New Delhi
Date : 29th August, 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

PARTICULARS	Note No.	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	150,000,000	150,000,000
Reserves and Surplus	3	110,594,937	86,974,767
		260,594,937	236,974,767
Non-current Liabilities			
Long-term borrowings	4	41,872,549	43,547,510
Long-term provisions	5	3,851,514	324,319
		45,724,063	43,871,829
Current Liabilities			
Short-term borrowings	6	24,806,336	9,120,773
Trade payables	7	11,197,405	18,332,283
Other current liabilities	8	23,347,483	17,314,603
Short-term provisions	9	399,195	295,467
		59,750,419	45,063,126
TOTAL		366,069,419	325,909,722
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	10	149,037,472	144,332,647
Capital work-in-progress		49,157,718	1,299,499
		198,195,190	145,632,146
Deferred tax assets(net)	11	400,641	-
Long-term loans and advances	12	48,689,134	37,054,661
Other non-current assets	13	244,668	79,129
		48,933,802	37,133,790
Current Assets			
Inventories	14	40,498,820	24,234,540
Trade receivables	15	28,634,327	34,183,709
Cash and cash equivalents	16	10,680,924	10,097,571
Short-term loans and advances	17	38,627,750	74,627,966
Other current assets	18	97,965	-
		118,539,786	143,143,786
TOTAL		366,069,419	325,909,722
Significant Accounting Policies	1	-	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the board

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

Regn. No. 016351-N

ANIL K. JAIN

Partner

M. No. : 093912

PRAMOD KUMAR KOTHARI

Managing Director

KAPIL DEV PURI

Director

Place : New Delhi

Dated : 29th August, 2012

PRASANNA KUMAR PAGARIA

Director

MANOJ KUMAR PAREEK

Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

PARTICULARS	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue			
Revenue from operations	19	352,490,112	248,030,074
Other Income	20	1,758,838	239,780
		<u>354,248,950</u>	<u>248,269,854</u>
Expenses			
Cost of materials consumed	21	137,773,662	97,224,386
Purchases of stock-in-trade	22	170,285	51,077
Decrease /(Increase) in Finished Stock & work in Progress	23	1,002,560	6,242,265
Employee benefit expenses	24	29,728,471	22,374,883
Other expenses	25	137,706,233	91,571,446
Finance costs	26	10,344,434	2,993,700
Depreciation and amortization expenses		14,303,776	13,832,885
		<u>331,029,421</u>	<u>234,290,642</u>
Profit / (Loss) before tax		23,219,529	13,979,212
Tax expense			
Current tax		-	-
Deferred tax		7,180,164	-
Profit / (Loss) for the year		16,039,365	13,979,212
Earnings per equity share (EPS)			
Basic		1.07	0.93
Diluted		1.07	0.93

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the board

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

Regn. No. 016351-N

ANIL K. JAIN

Partner

M. No. : 093912

PRAMOD KUMAR KOTHARI

Managing Director

KAPIL DEV PURI

Director

Place : New Delhi

Dated : 29th August, 2012

PRASANNA KUMAR PAGARIA

Director

MANOJ KUMAR PAREEK

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(Amount (Rs./lacs))

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	23,219,529	13,979,212
<u>Adjustments for:</u>		
– Depreciation	14,303,776	13,832,885
– (Profit)/Loss on Sale of Assets	190,584	25,772
– Interest Paid	9,310,695	2,119,178
– Interest Income	(1,116,648)	(218,900)
Operating Profit before working capital changes	45,907,936	29,738,147
<u>Adjustment for:</u>		
– Increase / (decrease) in Trade Payable & Other Current Liabilities	(1,435,127)	1,808,595
– Increase / (decrease) in Long Term Provisions	3,527,195	324,319
– Increase / (decrease) in Short Term Provisions	103,728	(253,821)
– Decrease /(Increase) in Trade Receivable	5,549,382	7,079,385
– Decrease /(Increase) in Long Term Loan Advances & Non Current Assets	(11,800,012)	(32,450,432)
– Decrease /(Increase) in Short Term Loan Advances & Other Current Assets	35,902,251	(49,337,836)
– Decrease /(Increase) in Inventories	(16,264,278)	5,711,070
Cash used in operations	61,491,075	(37,380,573)
Direct taxes paid	–	–
Net Cash used in operating activities (A)	61,491,075	(37,380,573)
B. CASH FLOW FROM INVESTING ACTIVITIES		
– Sale of Fixed Assets	231,500	7,000
– Interest Received on Fixed Deposits & Others	1,116,648	218,900
– Purchase of Fixed Assets including Capital Work in Progress	(67,288,905)	(13,945,614)
Net cash used in investing activities (B)	(65,940,757)	(13,719,714)
C. CASH FLOW FROM FINANCING ACTIVITIES		
– Proceeds/(Repayment) of Long Term borrowings	(1,341,832)	45,261,810
– Proceeds from Short Term borrowings	15,685,563	9,120,773
– Interest paid	(9,310,695)	(2,119,178)
Cash Generated/ used in Financing Activities (C)	5,033,036	52,263,405
Net increase / (decrease) in cash and cash equivalents (A+B+C)	583,354	1,163,118
Cash & Cash Equivalents being Cash & Bank Balance (Opening Balance)	10,097,571	8,934,453
Cash & Cash Equivalents being Cash & Bank Balance (Closing Balance)	10,680,925	10,097,571

As per our report of even date attached

For and on behalf of the board

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

Regn. No. 016351-N

ANIL K. JAIN

Partner

M. No. : 093912

PRAMOD KUMAR KOTHARI

Managing Director

KAPIL DEV PURI

Director

Place : New Delhi

Dated : 29th August, 2012

PRASANNA KUMAR PAGARIA

Director

MANOJ KUMAR PAREEK

Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES****(i) BASIS OF PREPARATION OF FINANCIAL STATEMENT**

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956 and are based on the historical cost conventions. The Company follows the mercantile system of accounting and recognise income and expenses (including financial charges) on accrual basis except claims.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statement. The Company has also reclassified/regrouped the previous year figures in accordance with the requirements applicable in the current year.

(ii) USE OF ESTIMATES

The Preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(iii) FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and pre- operative expenses relating to period prior to commencement of commercial production and net of VAT credit availed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loan and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work-in-Progress".

(iv) DEPRECIATION

- a) Depreciation is provided as per the Straight Line Method at the rates provided in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5000/- are fully depreciated in the year of addition.
- b) Depreciation has been calculated on a pro-rata basis from the month of acquisition / installation of additions to assets during the year, and pro-rata upto the month of disposal in case of deletion.
- c) No amount is being written off on Leasehold land and Freehold land.

(v) INVENTORIES

- a) Stores, spare parts, loose tools, raw material and packing material are valued at cost or net realizable value, whichever is less.
- b) Finished goods are valued at material cost plus expenses or net realizable value, whichever is less.
- c) Stock in trading division is valued at cost and related expenses or net realizable value, whichever is less.
- d) Stock in process is valued at material cost plus attributable expenses or net realizable value, whichever is less.

(vi) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred. Capital expenditure on Research and Development is included in Fixed Assets.

(vii) SALES

Sales of goods are recognised at the point of despatch from factory to customers and sales from Depot are recognised at the time of billing to the customers. Sales are net of returns, rebate, damaged goods and exclusive of Vat/sales tax.

(viii) PROVISION FOR TAXATION

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

(ix) EMPLOYEE BENEFITS**Defined Contribution Plan**

Fixed contribution to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the company.

**Defined Benefit Plan**

- A) Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.
- B) Accumulated Compensated Absence: Provision for liabilities in respect of leave encashment is made on the basis of actual leaves as at the balance sheet date.

Short Term Benefits

Short Term Employees benefits are recognized as an expense on an undiscounted basis in the Profit & Loss Account of the year in which the related service is rendered.

(x) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of acquisition. Monetary items are translated at the rates prevailing on reporting dates. The exchange difference between rate prevailing on the date of transaction and on the date of settlement and also on translation of monetary items at the reporting date is recognized as income or expense.

(xi) EARNING PER SHARES

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

(xii) BORROWING COST

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost till the assets is ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

(xiii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(xiv) EVENTS OCCURRING AFTER BALANCE SHEET DATE

Events occurring after balance sheet date have been considered in the preparation of financial statement.

(xv) IMPAIRMENT OF ASSETS

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to profit and loss account, in the year in which asset is identified as impaired.


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012 (Contd....)
(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
NOTE 2 : SHARE CAPITAL		
AUTHORISED		
Equity shares of Rs.10/- par value 1,50,00,000 (Previous Year 1,50,00,000)	<u>150,00,000</u>	<u>150,00,000</u>
Issued, Subscribed & Paid-up		
Equity shares of Rs.10/- par value 1,50,00,000 (Previous Year 1,50,00,000)	<u>150,00,000</u>	<u>150,00,000</u>
	<u>150,00,000</u>	<u>150,00,000</u>
Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:		
outstanding at the beginning of the year 1,50,00,000 (Previous Year 1,50,00,000)	150,00,000	150,00,000
outstanding at the end of the year 1,50,00,000 (Previous Year 1,50,00,000)	150,00,000	150,00,000

Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled for pari passu voting right. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% equity shares in the Company:

	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
(i) Moti Lal Kothari	3,727,000	24.85	3,727,000	24.85
(ii) Pramod Kumar Kothari-HUF	2,451,100	16.34	2,451,100	16.34
(iii) Chaudhry Brother Traders & Builders Pvt. Ltd.	3,515,000	23.43	3,655,000	24.37
(iv) Tridal Builders and Traders Pvt. Ltd.	816,110	5.44	816,110	5.44

(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
NOTE 3 : RESERVES & SURPLUS		
Capital Reserves		
As per last Balance Sheet	<u>56,289,542</u>	<u>56,289,542</u>
(A)	<u>56,289,542</u>	<u>56,289,542</u>
Surplus / (deficit) in the statement of profit and loss		
balance at the beginning of the year	30,685,225	16,706,013
Add: Net Profit / (Net Loss) for the current year	<u>16,039,365</u>	<u>13,979,212</u>
	46,724,590	30,685,225
Add : Deferred Tax surplus for earlier years	<u>7,580,805</u>	-
balance at the end of the year (B)	<u>54,305,395</u>	<u>30,685,225</u>
(A+B)	<u>110,594,937</u>	<u>86,974,767</u>



(Amount in Rs.)

	As at 31st March, 2012		As at 31st March, 2011	
	Non-Current portion	Current maturities	Non-Current portion	Current maturities
<u>NOTE 4 : LONG TERM BORROWINGS</u>				
Term Loan				
As per last Balance Sheet				
from Religare Finvest Ltd. (secured)	40,619,573	2,062,589	42,682,162	2,134,235
Vehicles Loans (secured)	1,252,976	1,067,418	865,348	662,643
	41,872,549	3,130,007	43,547,510	2,796,878
Less: Amount disclosed under head "Other Current Liabilities" (Note No. 9)	-	3,130,007	-	2,796,878
	41,872,549	-	43,547,510	-

- 4.1 Term Loan of Rs.432.00 lacs and Rs.20.00 lacs from Religare Finvest Limited was taken during the financial year 2010-11. The loan of Rs.432.00 lacs carries interest @ 11.5% -14.5% p.a. and repayable in 160 monthly installment from the due date of repayment viz. 1st Feb 2011. The loan of Rs.20.00 lacs carries a fixed rate of interest @ 17% p.a. and repayable in 36 monthly installment from the due date of repayment viz. 1st Feb 2011. The aforesaid loans are secured by immovable property belonging to the relatives of directors of the company and also guaranteed by the directors of the company and their associate concern.
- 4.2 Vehicle loans are secured against hypothecation of motor vehicles purchased thereunder which are repayable on different dates.

(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
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NOTE 5 : LONG TERM PROVISIONS
Provision for Employee Benefits

Gratuity (funded)	3,851,514	324,319
	3,851,514	324,319

NOTE 6 : SHORT TERM BORROWINGS SECURED

From Banks		
Cash Credits	7,746,652	9,120,773
Buyers Credit in foreign currency	17,059,684	-
	24,806,336	9,120,773

- 6.1 Cash Credit facilities from banks together with interest and other charges thereon are secured by way of equitable mortgage on the immovable properties of the Company situated at village Rajarampur tehsil and pargana Sikandrabad distt. Bulandshahar (U.P.) and by way of hypothecation charge over all moveable assets forming part of fixed/block of assets viz. plant & machinery, vehicles, effluent treatment plant, R & D laboratory equipments, furniture & fixtures, factory equipments etc., and also by way of hypothecation charge on various raw materials, stock in process, finish and semi finish goods, book debts, outstanding decrees, money receivables, government subsidies, claims, bill contracts, investments of the Company and also personally guaranteed by the directors of the Company. Cash credit is repayable on interest @ 5% over base rate on monthly rest. Buyers Credit is secured against non fund based facility sanctioned to the Company and carries interest @ Libor plus 3.5% p.a.

NOTE 7 : TRADE PAYABLE

Due to Micro, Small & Medium Enterprises (Refer Note No.28)	-	-
Others	11,197,405	18,332,283
	11,197,405	18,332,283



(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
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NOTE 8 : OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowing		
Term Loan- Religare Finvest Ltd. (secured)	2,062,589	2,134,235
Vehicles Loans (secured)	1,067,418	662,643
Advance from Customers	937,333	148,006
Interest Accrued but not due	537,182	474,012
Creditors for Capital Goods	8,788,648	8,142,602
Statutory Dues Payable	1,824,277	1,301,537
Other payables	8,130,036	4,451,568
	23,347,483	17,314,603

NOTE 9 : SHORT TERM PROVISIONS

Provision for Employee Benefits		
Leave Encashment	399,195	295,467
	399,195	295,467

NOTE 10 : FIXED ASSETS

(Amount in Rs.)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on 1st April 2011	Additions/	Deletion	Balance as on 31st March, 2012	Balance as on 1st April 2011	For the year	Adjustment on Disposals	Balance as on 31st March, 2012	Balance as on 31st March, 2012	Balance as on 31st March, 2011
Land										
—Freehold	2,376,298	—	—	2,376,298	—	—	—	—	2,376,298	2,376,298
—Leasehold	1,689,567	—	—	1,689,567	—	—	—	—	1,689,567	1,689,567
Building	26,858,676	1,710,778	—	28,569,454	11,409,780	802,270	—	12,212,050	16,357,404	15,448,896
Plant and Machineries	178,719,485	12,933,853	—	191,653,338	98,576,467	9,546,684	—	108,123,151	83,530,187	80,143,018
Effluent Treatment Plant	53,714,019	—	—	53,714,019	16,961,017	2,836,100	—	19,797,117	33,916,902	36,753,002
R&D Laboratory Equipments	1,142,664	188,000	—	1,330,664	963,711	65,282	—	1,028,993	301,671	178,953
Furniture and Fixtures	1,353,277	230,440	—	1,583,717	1,131,875	51,397	—	1,183,272	400,445	221,402
Vehicles	10,030,117	2,972,562	1,463,727	11,538,952	4,009,359	828,993	1,041,643	3,796,709	7,742,243	6,020,758
Office Equipments	4,081,338	1,340,412	—	5,421,750	2,703,312	158,569	—	2,861,881	2,559,869	1,378,026
Factory Equipment	306,240	54,640	—	360,880	183,513	14,481	—	197,994	162,886	122,727
TOTAL	280,271,681	19,430,685	1,463,727	298,238,639	135,939,034	14,303,776	1,041,643	149,201,167	149,037,472	144,332,647
Previous Year	267,665,266	12,646,115	39,700	280,271,681	122,113,078	13,832,885	6,929	135,939,034	144,332,647	145,552,188
Capital Work in Progress									49,157,718	1,299,499

(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
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NOTE 11 : DEFERRED TAX ASSETS (NET)

In line with the method recommended by the Accounting Standard AS-22 on "Accounting for Taxes 'on Income'" components of deferred tax assets and liabilities as on 31st March, 2012 are given as under:

A. Deferred Tax Assets

a. Unabsorbed depreciation & B/f Losses	15,224,055	—
b. Expenses allowable in future	1,870,044	—
Total (A)	17,094,099	—



(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
<u>NOTE 11 : DEFERRED TAX ASSETS (NET) (Contd...)</u>		
B. Deferred Tax Liabilities		
a. Timing Difference in depreciable assets	16,693,458	-
	-	-
Total (B)	16,693,458	-
Net Deferred Tax Assets (A-B)	400,641	-
11.1 Deferred tax asset has been recognised and carried forward since there is a reasonable certainty that sufficient future taxable income shall be available against which the same can be realised.		
<u>NOTE 12 : LONG TERM LOANS AND ADVANCES</u>		
(Unsecured, considered good)		
Capital Advances	42,039,743	32,243,744
Security Deposits	5,685,418	4,651,338
Recoverable from Statutory Authorities	963,973	159,579
	48,689,134	37,054,661
<u>NOTE 13 : OTHER NON-CURRENT ASSETS</u>		
*Bank balance on deposit accounts	241,991	79,129
Accrued Interest but not due	2,677	-
	244,668	79,129
*Pledged with bank/Government Authorities as margin money/ security against the borrowings and guarantees maturing after 12 months.		
<u>NOTE 14 : INVENTORIES</u>		
(As taken, valued and certified by the management)		
Raw Materials & Components	20,924,262	8,046,876
Work-in-progress	5,426,445	6,944,496
Finished Goods	5,527,653	5,012,162
Stores & Spares	4,231,133	3,430,492
Others	4,389,327	800,514
	40,498,820	24,234,540
<u>NOTE 15 : TRADE RECEIVABLES</u>		
(Unsecured, considered good)		
Over six months from the due date	7,048,351	13,946,066
Others	21,585,976	20,237,643
	28,634,327	34,183,709
<u>NOTE 16 : CASH AND CASH EQUIVALENTS</u>		
Balances with Banks		
in Current Accounts	7,218,920	8,311,677
held as Margin Money	1,764,800	-
Cash on hand	1,697,204	1,785,894
	10,680,924	10,097,571



(Amount in Rs.)

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
<u>NOTE 17 : SHORT TERM LOANS AND ADVANCES</u>		
(Unsecured, considered good)		
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	32,098,113	68,284,535
Prepaid Expenses	374,692	430,760
Recoverable from Statutory Authorities	6,154,945	5,912,671
	<u>38,627,750</u>	<u>74,627,966</u>
<u>NOTE 18 : OTHER CURRENT ASSETS</u>		
(Unsecured, considered good)		
Interest Accrued on deposits	97,965	-
	<u>97,965</u>	<u>-</u>

(Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<u>NOTE 19 : REVENUE FROM OPERATIONS</u>		
Sale of Manufactured Goods		
Yeast	352,490,112	248,030,074
	<u>352,490,112</u>	<u>248,030,074</u>
<u>NOTE 20 : OTHER INCOME</u>		
Interest Income		
- Bank Deposits	119,187	-
- Others	997,461	218,900
Claims Received	200,619	20,880
Misc. Receipts	441,571	-
	<u>1,758,838</u>	<u>239,780</u>
<u>NOTE 21 : COST OF MATERIALS CONSUMED</u>		
Raw Material Consumed		
Inventory at the beginning of the year	8,046,876	6,996,380
Add : Purchases	150,651,048	98,274,882
	<u>158,697,924</u>	<u>105,271,262</u>
Less: Inventory at the end of the year	20,924,262	8,046,876
Cost of Raw Material Consumed	<u>137,773,662</u>	<u>97,224,386</u>
Details of Raw Material Consumed		
Molasses	85,299,361	60,016,726
Chemicals	24,707,518	18,152,005
Packing Materials	27,766,783	19,055,655
	<u>137,773,662</u>	<u>97,224,386</u>
<u>NOTE 22 : PURCHASE OF STOCK-IN-TRADE</u>		
Purchase of Trading Goods	170,285	51,077
	<u>170,285</u>	<u>51,077</u>



(Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<u>NOTE 23 : DECREASE /(INCREASE) IN INVENTORIES</u>		
<u>Inventories at the end of the year</u>		
Finished Goods	5,527,653	5,012,162
Work-in-progress	5,426,445	6,944,496
	10,954,098	11,956,658
<u>Inventories at the beginning of the year</u>		
Finished Goods	5,012,162	7,950,656
Work-in-progress	6,944,496	10,248,267
	11,956,658	18,198,923
Decrease /(Increase) in Inventories	1,002,560	6,242,265
<u>NOTE 24 : EMPLOYEE BENEFIT EXPENSES</u>		
Salaries, Wages and others Allowances	25,507,444	19,610,342
Contribution to Provident & Other Funds	2,943,649	1,688,513
Staff Welfare Expenses	1,277,378	1,076,028
	29,728,471	22,374,883
<u>NOTE 25 : OTHER EXPENSES</u>		
Consumption of Stores & Spare Parts	9,654,764	6,027,109
Power & Fuel and Water Charges	71,662,701	60,034,109
R & D Expenses	1,796,646	995,253
<u>Repairs & Maintenance</u>		
Repairs & Maintenance - Building	1,532,867	377,711
Repairs & Maintenance - Plant & \Machinery	7,118,100	3,379,256
Security Expenses	1,218,205	1,180,266
Rent	860,264	643,717
Insurance	715,117	711,937
Rates, Fee & Taxes	858,486	598,195
Postage & Telephone	1,326,420	1,209,369
Printing & Stationary	437,891	332,101
Travelling & Conveyance	3,095,018	2,850,242
Legal & Professional Charges	856,712	307,386
Vehicle Running & Maintenance	1,719,637	1,120,952
Payment to Auditors (refer details below)	123,801	121,695
Membership, Subscription & Periodicals	178,724	97,358
Listing & Share Transfer Expenses	93,755	77,510
Tender, Registration & Filing Fees	-	14,200
Meeting Expenses	69,096	65,021
General Office Expenses	1,172,037	539,332
Misc. Expenses	380,726	339,314
Advertisement & Publicity Expenses	112,815	58,939
Selling Expenses	479,492	307,375
Handling, Forwarding & Transportation	20,197,102	10,157,327
Loss on Sale of Assets	190,584	25,772
Bad Debts/ Sundries Balances W/off	8,897,262	-
Prior Period Expenses	2,958,011	-
	137,706,233	91,571,446



(Amount in Rs.)

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<u>NOTE 25.1 : Payment to Auditors</u>		
Audit Fee	56,180	55,150
Tax Audit Fee	16,545	16,545
Limited Review & Certification Fee	44,326	44,120
Out of Pocket Expenses	6,750	5,880
	123,801	121,695

25.2 Prior Period Expenses amounting to Rs.29,58,011/- represents short provisions on account of liabilities of the Company's obligation towards gratuity related to earlier years.

NOTE 26 : FINANCE COST

Interest on Bank Borrowings	3,009,719	5,312
Interest on Term Loan	6,300,976	2,113,866
Bank Charges & Others	1,033,739	874,522
	10,344,434	2,993,700

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

27. Contingent Liabilities not provided for (As certified by the Management)

- (a) Claims against the company towards listing fee for three stock exchanges not acknowledged as debt is Rs. 3.63 Lacs (Previous Year Rs. 3.11 Lacs) as company has sought delisting from these stock exchanges.
 - (b) Outstanding Bank Guarantees for Rs.31.03 lacs (Previous Year Nil)
 - (c) The company has filed an appeal before The Custom, Excise & Service Tax Appellate Tribunal (CESTAT) in the matter of excise duty involving disputed amount of Rs. 2.52 Lacs (Previous Year Rs. 2.52 Lacs). The case is in progress and the company is likely to succeed. The matter being sub-judice, no provision has been made in the books of accounts.
 - (d) Demand of entry tax amounting to Rs.4.36 Lacs (Previous Year Rs. 4.36 Lacs) under U. P. VAT Act disputed in Appeal. However, the same has been deposited with department under protest.
28. Amount recoverable from Statutory Authorities shown under schedule "Short Term Loans & Advances" of the balance sheet includes a sum of Rs.46,13,849/- for which the company filed a claim before the trade tax authorities during the F.Y.2009-10 for refund of Trade Tax paid on purchases and stock transfer in respect of Molasses for the earlier years in view of the decision of the Hon'ble Allahabad High Court in the case of M/s. SAF Yeast Company Private Limited vs. State of U.P. and Another. The claim of the company before the appropriate authorities is still pending.
29. The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006". Therefore, it is not possible to give the information required under the Act.
30. In the opinion of the Board, the Current Assets, Loans and Advances including Sundry Debtors are of the value as stated in financial statement in the ordinary course of business, although, some of them are outstanding for a long period. The provision of all known liabilities has been made. The accounts of certain debtors, creditors, other liabilities and advances are subject to confirmation and reconciliation.
31. The arbitration cases relating to supply of rice to Govt. of Bangladesh during 1995-96 pending in Bangladesh have been awarded in favour of company allowing our claims of USD 427,021.89 against Govt. of Bangladesh. The arbitration awards have been filed with the appropriate court in Bangladesh and the Court has made the award as rule of law. However, the Govt. of Bangladesh filed an appeal against the same before the Hon'ble High Court at Bangladesh, which is pending yet.
32. As the Company's business activity falls within a single primary business segment viz. "Manufacturing of Yeast" and there is no reportable secondary segment i.e. geographical segment, the disclosure requirement of Accounting Standard-17 "Segmental Reporting" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) is not applicable.



33. a) Provision for tax under Income Tax Act, 1961 has not been made in view of the adjustable brought forward accumulated losses/unabsorbed depreciation.
- b) No provision for minimum alternative tax (MAT) on book profit has been made in the accounts in light of the direction to the appropriate authority by order of Board for Industrial and Financial Reconstruction (BIFR) as "To consider to grant exemption from the levy of MAT under section 115JB of the Income Tax Act, 1961 for a period upto 31.03.08 or till the accumulated losses are wiped out as per Income Tax Act, 1961, whichever is later". The matter is yet to be confirmed for exemption by the appropriate authority.

34. Defined Benefit Plan:

The employees gratuity fund scheme of the Company managed by Life Insurance Corporation of India (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

Gratuity Funded (Rs. In lacs)

A. Opening and Closing balance of defined benefit obligation

	31.03.2012	31.03.2011
	60.14	50.60

B. Opening and Closing value of plan assets

Fair Value of plan assets	21.63	18.40
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C. Expenses Recognised during the year (under the head Employees Benefit Exp.)

Net Cost of Expenses	9.44	3.24
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D. Actuarial assumptions employed for the calculations are tabulated:

Discount rate	8.75 % per annum	8.75 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	LIC 94-96 Ultimate	LIC 94-96 Ultimate
Expected rate of return	9 % per annum	9 % per annum
Withdrawal rate (Per Annum)	2% p.a.	2% p.a.
Normal Retirement Age	58 Years	58 Years

35. Related Party Disclosures (AS- 18):

(a) Key Personnel & Relatives

- (i) Mr. Moti Lal Kothari Chairman & Managing Director
 (ii) Mr. Pramod Kothari Managing Director

Note: Mr. Pramod Kothari is the son of Mr. Moti Lal Kothari.

(b) Transaction with Related Parties

	Transaction	2011-12	2010-11
(i) Mr. Moti Lal Kothari	Remuneration	3.30	2.70
(ii) Mr. Pramod Kothari	Remuneration	3.90	3.30
	Advances Given	14.10	33.40
(iii) Chaudhry Bros, Traders and Builders Pvt. Ltd.	Rent Paid	2.48	2.25
	Loan/Advances recd.	—	59.95
	Advances given	181.05	449.12
(iv) Kothari Thermoplast Pvt. Ltd.	Loan/Advances recd.	—	61.10
	Advances given	—	46.72
(v) M M K & Co.	Loan/Advances recd.	—	5.00

- (c) There is no amount written off or written back in respect of debts due from or to related parties.

Note:

- (i) The amount of loan/advances received and given have been paid and received back in full during the year itself.
- (ii) Related party relationship is as identified by the management and relied upon by the Auditors.



36. Earning per share (EPS) (AS –20)	2011-12	2010-11
(a) Number of Equity Shares of Rs. 10 each		
Number of shares at the beginning of the year	15000000	15000000
Number of shares at the close of the year	15000000	15000000
Weighted average number of Equity Shares during the year	15000000	15000000
(b) Net Profit/(loss) for the year attributable to Equity Shares (in Rupees)	16039365	13979212
(c) Basic EPS (in Rupees) per share	1.07	0.93
(d) Diluted EPS (in Rupees) per share	1.07	0.93
 37. Additional Information:	 2011-12	 2010-11
		(Rs. in Lacs)
A) Value of Raw Materials and Stores and spares Consumed		
Raw Material Consumed:		
Indigenous	1362.25	972.24
Imported	15.49	NIL
Stores and Spares Consumed:		
Indigenous	96.55	60.27
Imported	NIL	NIL
B) C.I.F. Value of Imports		
Capital Goods	174.79	NIL
Raw Materials	15.49	NIL
C) Earning in Foreign Currency	NIL	NIL
D) Expenditure in Foreign Currency		
Travelling and other matter	8.36	4.01
Interest on buyers' Credit	3.18	NIL

As per our report of even date attached

For and on behalf of the board

for NAHATA JAIN & ASSOCIATES

Chartered Accountants

Regn. No. 016351-N

ANIL K. JAIN

Partner

M. No. : 093912

Place : New Delhi

Dated : 29th August, 2012

PRAMOD KUMAR KOTHARI

Managing Director

KAPIL DEV PURI

Director

PRASANNA KUMAR PAGARIA

Director

MANOJ KUMAR PAREEK

Company Secretary



KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

PROXY FORM

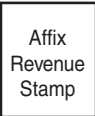
Folio No. / DP ID No

No. of equity shares held.....

I/We.....of..... in the district of.....being a Member/Members of the above Company hereby appoint Sh./Smt.....of..... in the district of..... or failing him/her.....of.....in the district of..... as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019 on Saturday the 29th day of September, 2012 at 02.30 p.m. and any adjournment thereof.

Signed this.....day of.....2012.

Signature.....



Note : The form should be signed across the stamp as per specimen signature registered with the Company. The proxy form must reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.

Proxy without this information will not be accepted.



KOTHARI FERMENTATION AND BIOCHEM LIMITED

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

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

#Folio No./DP ID No.....

#No. of equity shares held.....

Name of the Member.....
(in block letters)

Name of the Proxy.....
(if any)

I hereby record my presence at the Annual General Meeting of the Company held on 29th day of September, 2012 at 02.30 p.m. at "Bipin Chandra Pal Memorial Trust Auditorium", Satindra Mohandev Charitable Medical Centre, A-81, Chittranjan Park, New Delhi-110019

.....
Signature of the Member/Proxy

Attendance slip without this information will not be accepted.
Please bring your copy of Annual Report at the Meeting Hall.
No Gift/Gift coupons will be provided to the members.

BOOK POST

To,

If undelivered, please return to :-



KOTHARI FERMENTATION AND BIOCHEM LIMITED
1st Floor, 16, Community Centre, Saket,
New Delhi - 110 017