

Krebs Biochemicals & Industries Limited

CIN : L24110AP1991PLC103912



31st August, 2019

To,
The Manager,
Department of Corporate Relations,
BSE Limited,
P J Towers, Dalal Street,
Fort, Mumbai- 400001.

To,
The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai- 400051.

Dear Sir/Madam,

Sub: Annual General Meeting & Book Closure

We refer to the above captioned subject, we herewith intimate to the Exchange that the 27th Annual General Meeting of the members of the company is scheduled to be held on Wednesday, 25th September 2019 at 11:00 AM at Registered office of the Company at Kasimkota (M), Anakapalli, Vishakapatnam(D), Andhra Pradesh – 531031 and in connection to the 27th Annual General Meeting, the Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 17th September, 2019 to Wednesday, 25th September, 2019 (both days inclusive).

Enclosed is the Annual report for the year 2018-19.

This is for the information and records of the Exchange, Please.

Thanking you

Yours faithfully,

For Krebs Biochemicals & Industries Limited

Taruni Banda
Company Secretary



KREBS BIOCHEMICALS & INDUSTRIES LIMITED



**27th Annual Report
2018 - 19**



**BOARD OF DIRECTORS :****Dr R T Ravi**

Chairman & Non-Executive Director (DIN- 00272977)

Mr. Avinash Ravi

Managing Director (DIN-01616152)

Mr. Manish Jain

Non-Executive Director (DIN- 01856146)

Mr. E.J Babu

Non-Executive Director (DIN- 06759124)

Mr. G.V.L Prasad

Independent Director (DIN- 00017081)

Mr. Raj Kamal Prasad Verma

Independent Director (DIN- 02166789)

Dr.Tangirala Malati

Independent Director (DIN- 07094957)

Mr. Satish Khivsara

Independent Director (DIN- 07244464)

Company Secretary & Compliance Officer**Ms. Haritha Varanasi** (ACS 34293)

(Ceased to be Company Secretary w.e.f from 9-08-2019)

Ms. Taruni Banda (ACS 46673)

(Appointed as Company Secretary w.e.f from 9-08-2019)

Secretarial Auditors

D S M R & Associates,
Company Secretaries,
6-3-668/10/42, Plot No.42,
1st Floor, Durga Nagar Colony,
Punjagutta, Hyderabad- 500082.

Registered Office

Krebs Biochemicals& Industries Ltd.,
Kothapalli (V), Kasimkota (M),
Anakapalli, Vishakapatnam(D),
Andhra Pradesh – 531031.

CIN:L24110AP1991PLC103912**Corporate Office**

Krebs Biochemicals & Industries Limited,
Plot No.34, 8-2-577/B, 3rd Floor, Maas Heights,
Road No.8, Banjara Hills, Hyderabad,
Telangana- 500034

Tel: 040 - 66808040

Email: marketing@krebsbiochem.cominvestors@krebsbiochem.com**Website: www.krebsbiochem.com****Plant Locations**

Unit I : Regadichelika (V), Kodavalur (M)
Nellore (D), Andhra Pradesh-524316.

Unit II : Kothapalli (V), Kasimkota (M),
Anakapalli, Vishakapatnam (D),
Andhra Pradesh – 531031.

Statutory Auditors

(Shall hold office till the conclusion of this AGM)

M/s. Pavuluri & Co.,
Chartered Accountants
Firm Registration No. 012194S
Plot No.48, Flat No.301,
3rd Floor, Micasa, Phase I, Kavuri Hills,
Madhapur, Hyderabad- 500033.

Registrars and Share Transfer Agents

KarvyFintech Private Limited,
Plot No. 31 & 32, Karvy Selenium Tower B,
Financial District, NanakramGuda,
Gachibowli, Hyderabad- 500032.
Ph: 040-67161605
Fax: 040 – 67161500
Website: www.karvyFintech.com
Email: einward.ris@karvy.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 27TH ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. KREBS BIOCHEMICALS& INDUSTRIES LIMITED WILL BE HELD ON WEDNESDAY, 25TH SEPTEMBER, 2019 AT 11.00 AM AT THE REGISTERED OFFICE - KOTHAPALLI (VILLAGE), KASIMKOTA (MANDAL), ANAKAPALLI, VISHAKAPATNAM (DISTRICT), ANDHRA PRADESH - 531031 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended March 31 2019 on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint Dr R T Ravi (holding DIN-00272977), who is liable to retire by rotation and being eligible, offers himself for re-appointment.
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 provisions of Sections 139 and 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and other applicable rules and regulations, if any, as amended for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) M/s. Bhavani& Co, Chartered Accountants, (Registration No.012139S), Hyderabad be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the 32nd Annual General Meeting without the necessity of any further ratification at such remuneration and reimbursement of out of pocket expenses as may be determined by the Board."

SPECIAL BUSINESS:

4. Re-appointment of Mr. G V L Prasad (DIN-00017081)) as Independent Director for further period of 5 years.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**.

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Mr. G V L Prasad (DIN: 00017081), who was appointed as an Independent Director till 31st December 2019 and being eligible in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of the Director, be and is hereby re-appointed as an Independent Director of the company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years w.e.f. 1st January 2020 up to 31st December 2024 on the Board of the Company."

5. Re-appointment of Dr. Tangirala Malati (DIN-07094957) as Independent Director for further period of 5 years.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**.

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Dr. Tangirala Malati (DIN: 07094957), who was appointed as an Independent Director till 11th March 2020 and being eligible in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing her candidature for the office of the Director, be and is hereby re-appointed as an Independent Director of the company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years w.e.f. 11th March 2020 upto 11th March 2025 on the Board of the Company."

6. Re-appointment of Mr. Satish Khivsara (DIN- 07244464) as Independent Director for further period of 5 years.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**.

"RESOLVED THAT pursuant to Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Mr. Satish Khivsara (DIN: 07244464), who was appointed as an Independent Director till 31st March 2020 and being eligible in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of the Director, be and is hereby re-appointed as an Independent Director of the company, not liable to retire by rotation and to hold office for a second term of 5 (Five) consecutive years w.e.f. 1st April 2020 up to 31st March 2025 on the Board of the Company."

"RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rules made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby granted to Mr. Satish Khivsara (DIN 07244464), who shall be attaining the age of seventy five (75) years, to continue to be a Non-Executive Independent Director of the Company w.e.f 1st April 2020 up to 31st March, 2025 on the Board of the Company."

**For and on behalf of the Board
Krebs Biochemicals & Industries Limited
Sd/-**

**Avinash Ravi
Managing Director
(DIN-01616152)**

**Place: Hyderabad
Date: 09.08.2019**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. Explanatory statement pursuant to Section 102 of the Companies Act 2013 in respect of the special business to be transacted at the Annual General Meeting as set out in the notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2019 to 25th September, 2019 (Both days inclusive).
5. Members holding shares in electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
6. Members are requested to handover the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
7. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
8. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
9. Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Karvy Fintech Private Limited.)
11. During Fiscal 2019, the Securities and Exchange Board of India ('SEBI') and Ministry of Corporate Affairs ('MCA') has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after 1st April 2019, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all risks associated with physical shares for ease of portfolio management as well as for ease of transfer, if required.
12. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
13. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to **M/s. Karvy Fintech Private Limited**, Share Transfer Agents of the Company for their doing the needful.
14. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
15. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
16. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
17. Electronic copy of the Annual Report for 2018-2019 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 copies of the Annual Report for 2018-2019 is being sent in the permitted mode.
18. Members may also note that the Notice of the 27th Annual General Meeting and the Annual Report for 2018-2019 will also be available on the Company's website www.krebsbiochem.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal

business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@krebsbiochem.com.

19. Voting through electronic means

- i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members, facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting. ("Remote E-voting").
- ii) The facility for voting through electronic voting system ("Insta Poll") shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through "Insta Poll".
- iii) The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- iv) The Company has engaged the services of KarvyFintech Private Limited ("Karvy") as the Agency to provide e-voting facility.
- v) The Board of Directors of the Company has appointed Mrs. Jhansi Laxmi, Practicing Company Secretary, Hyderabad as scrutinizer to scrutinize the InstaPoll and remote e-voting process to ensure fairness and transparency.
- vi) Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the member/beneficial owner (in the case of electronic shareholding) as on the cut-off date i.e., 17th September, 2019.
- vii) A Person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e, 17th September, 2019 only shall be entitled to avail the facility of remote e-voting / InstaPoll.
- viii) Any person who becomes a member of the Company after dispatch of the notice of the meeting and holding shares as on the cut-off date i.e, 17th September, 2019 may obtain the user id and password in the manner mentioned below:
 - a) If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS: MYEPWD <space> E-voting Event Number + Folio Number or DP ID Client ID to 9212993399.
 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678
 Example for CDSL:
 MYEPWD <SPACE> 1402345612345678
 Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against the folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's Toll Free Number 1-800-3454-001.
 If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
- ix) The remote e-voting facility will be available during the following period:
Commencement of remote e-voting : From 09.00 AM (IST) on 22nd September, 2019
End of remote e-voting : On 05.00 PM (IST) on 24th September, 2019
 The remote e-voting shall not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
- x) The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.krebsbiochem.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- xi) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e, 25th September, 2019.
- xii) **Instructions and other information relating to e-voting**
 - 1)A. A member receiving an e-mail from Karvy (For members whose e-mail addresses are registered with the Company/Depository Participant(s):
 - a) Launch internet browser by typing the URL : <https://evoting.karvy.com>
 - b) Enter the log in credentials (i.e USER ID and password) which will be sent separately. The E-Voting Event
 Number+Folio No. or DP ID Client ID will be your User ID.
 However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c) After entering these details appropriately, Click on "LOGIN".

- d) You will now reach password change menu wherein you are required to mandatorily change password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character(@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- e) You need to log in again with the new credentials.
- f) On successful log in, the system will prompt you to select the E-Voting Event Number for Krebs Biochemicals & Industries Limited.
- g) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- k) A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify.
Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
- l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: jhansi_laxmi@rediffmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."
- B) In case a member receives physical copy of the notice by post (For members whose email addresses are not registered with the Company/Depository Participant(s)).
 - a) User ID and Initial password - These will be sent separately
 - b) Please follow all steps from Sr No (a) to (l) as mentioned in (A) above, to cast your vote.
- 2) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- 3) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

Explanatory Statement

[Pursuant to Section 102 of the Companies Act, 2013]

Item No.3

The term of M/s Pavuluri and Co., Chartered Accountants, (Firm Registration No. 012194S) who were appointed as the Statutory Auditors of the Company at the 22nd Annual General Meeting of the Company, till the conclusion of 27th Annual General Meeting comes to an end and are not eligible for further re-appointment as per the provisions of Section 139 of the Companies Act, 2013.

The Board of Directors at their meeting held on 20th May 2019 had approved the appointment of M/s Bhavani and Co., Chartered Accountants (Firm Registration No. 012139S) as Statutory Auditors for a period of 5 (Five) years, subject to the approval of the members of the company.

In terms of first proviso of Section 139 of the Companies Act, 2013, the appointment of the Auditors shall be placed for ratification at every Annual General Meeting. Since then, provision to sub-section (1) of Section 139 of the Companies Act, 2013, which provided for ratification every year has been deleted. Hence, the appointment of M/s Bhavani & Co. is being proposed and recommended for a period of 5 (years) without further ratification at every annual general meeting.

The appointees have confirmed their consent to act as Statutory Auditors of the Company and their compliance with the provisions of the Companies Act, 2013 as well.

The annual remuneration / fee for the financial year ending March 31, 2020 is proposed at ₹ 1,50,000/- (Rupees One Lakh Fifty thousand only), plus out of pocket expenses and taxes at the applicable rates, for the purpose of the statutory audit of the Company, which is not a material change from what was paid to M/s Bhavani & Co. for the same scope of work. The Board, including relevant committee(s) thereof, shall be given the power to agree, alter and vary the terms and conditions of such appointment, remuneration etc. including by reason of necessity on account of conditions as may be stipulated by the Companies Act, 2013, in such manner and to such extent as may be mutually agreed with the auditors. In addition to the above and in accordance with the provisions of the Act, the Board / committees thereof, may approve other services, as deemed appropriate, and remuneration for such services as required by law or otherwise, subject to the provisions of section 144 of the Act

BHAVANI & CO (Firm Registration No. 012139S) was established in 2009 and are one of the reputed chartered accountants firms having presence in both Andhra and Telangana regions and are engaged in providing chartered accounting services, during the last 10 years of its existence.

The Board of Directors recommends the passing of Ordinary Resolution set forth in the Notice for the approval of members.

Item No. 4

Mr. G V L Prasad (DIN: 00017081) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company upto 31st December 2019.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of performance evaluation of Independent Directors has recommended the re-appointment of Mr. G V L Prasad as Independent Director for a second term of 5 (Five) years on the Board of the Company w.e.f. 1st January 2020.

The Board based on the performance evaluation of Independent Directors and as per the recommendations of the Nomination and Remuneration Committee, considers that given the background and experience and contributions made by Mr. G V L Prasad during his tenure, the continued association of Mr. G V L Prasad would be beneficial to the Company and it is desirable to continue and avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Mr. G V L Prasad as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) years on the Board of the Company.

Section 149 of the Act prescribes that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides further that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. G V L Prasad is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. G V L Prasad for the office of Independent Director of the Company.

The Company has also received declaration from Mr. G V L Prasad that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. G V L Prasad fulfils the conditions for appointment as Independent Director as specified in the Act.

A Copy of draft letter of appointment of Mr. G V L Prasad, setting out the terms and conditions of appointment is available for inspection by the members at the corporate office of the Company.

A brief profile of Mr. G V L Prasad and other requisite details, pursuant to the provisions of the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are annexed to this statement.

None of the Directors and Key Managerial Personnel except Mr. G V L Prasad is concerned or interested directly or indirectly in the above resolution.

The Board of Directors recommends the passing of Special Resolution set forth in the Notice for the approval of members.

Item No.5

Dr. Tangirala Malati (DIN-07094957) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She holds office as an Independent Director of the Company upto 11th March 2020.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of performance evaluation of Independent Directors has recommended the re-appointment of Dr. Tangirala Malati as Independent Director for a second term of 5 (Five) years on the Board of the Company w.e.f. 12th March 2020.

The Board based on the performance evaluation of Independent Directors and as per the recommendations of the Nomination and Remuneration Committee, considers that given the background and experience and contributions made by Dr. Tangirala Malati during her tenure, the continued association of Dr. Tangirala Malati would be beneficial to the Company and it is desirable to continue and avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Dr. Tangirala Malati as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) years on the Board of the Company.

Section 149 of the Act prescribes that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides further that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Dr. Tangirala Malati is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Dr. Tangirala Malati for the office of Independent Director of the Company.

The Company has also received declaration from Dr. Tangirala Malati that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Dr. Tangirala Malati fulfils the conditions for appointment as Independent Director as specified in the Act.

A Copy of draft letter of appointment of Dr. Tangirala Malati, setting out the terms and conditions of appointment is available for inspection by the members at the corporate office of the Company.

A brief profile of Dr. Tangirala Malati and other requisite details, pursuant to the provisions of the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are annexed to this statement.

None of the Directors and Key Managerial Personnel except Dr. Tangirala Malati is concerned or interested directly or indirectly in the above resolution.

The Board of Directors recommends the passing of Special Resolution set forth in the Notice for the approval of members

Item No. 6

Mr. Satish Khivsara (DIN: 07244464) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company upto 31st March 2020.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of performance evaluation of Independent Directors has recommended the re-appointment of Mr. Satish Khivsara as Independent Director for a second term of 5 (Five) years on the Board of the Company w.e.f. 1st April 2020.

Pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (hereinafter referred to as "the Listing Regulations"), effective from April 1, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect and the explanatory statement annexed to the notice proposing such appointment or continuation specifies the justification for such appointment or continuation, as the case may be. Accordingly, Mr. Satish Khivsara shall attain the age of seventy five (75) years and is eligible for re-appointment in all respects.

Pursuant to Regulation 17(1A) of the Listing Regulations, the Special Resolution for continuation of their directorships with effect from 1st April 2020 up to 31st March, 2025 on the Board of the Company, will be required to be passed.

The Board based on the performance evaluation of Independent Directors and as per the recommendations of the Nomination and Remuneration Committee, considers that given the background and experience and contributions made by Mr. Satish Khivsara during his tenure, the continued association of Mr. Satish Khivsara would be beneficial to the Company and it is desirable to continue and avail his services as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Satish Khivsara as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) years on the Board of the Company.

Section 149 of the Act prescribes that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides further that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. Satish Khivsara is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Satish Khivsara for the office of Independent Director of the Company.

The Company has also received declaration from Mr. Satish Khivsara that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. Satish Khivsara fulfils the conditions for appointment as Independent Director as specified in the Act.

A Copy of draft letter of appointment of Mr. Satish Khivsara, setting out the terms and conditions of appointment is available for inspection by the members at the corporate office of the Company.

A brief profile of Mr. Satish Khivsara and other requisite details, pursuant to the provisions of the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are annexed to this statement.

None of the Directors and Key Managerial Personnel except Mr. Satish Khivsara is concerned or interested directly or indirectly in the above resolution.

The Board of Directors recommends the passing of Special Resolution set forth in the Notice for the approval of members.

**For and on behalf of the Board of
Krebs Biochemicals & Industries Limited**

Sd/-

Avinash Ravi

**Managing Director
(DIN-01616152)**

Place : Hyderabad

Date : 09.08.2019

Disclosure pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment/appointment at the Meeting is given below:

Name of the Director	Dr. R T Ravi	Mr. G V L Prasad	Dr.Tangirala Malati	Mr. Satish Khivsara
Date of Birth	08.08.1949	31.07.1956	04.01.1950	21.06.1945
Date of appointment/re-appointment	13.08.2015	09.08.2019	09.08.2019	09.08.2019
Expertise in specific functional areas	A bio-technologist having an experience of over 40 years in the area of applied biochemical research. He had also made an extensive study in the cultivation of medicinal plants in different agroclimatic zones of the state of Andhra Pradesh.	He is a chartered Accountant having expertise in finance and accounting and also a Law graduate having vast experience in the legal area as well.	Dr. Malati has 47 years of experience in Academic, research and General administration in the field of clinical Bio-chemistry, immunochemistry and Bio-chemistry.	Mr. Satish Khivsara is having over 40 years of expertise in the field of Finance & Entrepreneurship
Qualifications	PhD (Bio-Chemistry) from National Dairy Research Institute, Karnal M.Sc (Bio-Chemistry) from Baroda University	Fellow Member of the Institute of Chartered Accountants of India, Bachelor of Law.	Phd, FAMS, FAPS, FACBI	B.com, FCA
Names of the Listed entities in which the person is holding Directorships or Board Committee Memberships	Nil	Nil	Nil	Nil
Inter se relationship among Directors	Dr R T Ravi is father of Mr. Avinash Ravi, Managing Director of the Company.	None	None	None
Number of Board Meetings attended during the year out of 7 meetings.	6	6	6	7
Sitting Fee paid during the financial year for Board Meeting	0.75	1.25	1.20	1.35

For and on behalf of the Board of
Krebs Biochemicals & Industries Limited
Sd/-
Avinash Ravi
Managing Director
(DIN-01616152)

Place : Hyderabad
Date : 09.08.2019

Directors' Report

To,

The Members,

The directors submit annual report of Krebs Biochemicals & Industries Limited (the Company) along with the audited financial statements for the financial year ended 31st March 2019.

1. Financial Summary

(Rs. in lacs)

Particulars	2018-19	2017-18
Net Sales	3713.27	2538.24
Other Income	1095.59	860.28
Total Income	4808.86	3398.52
Expenditure	5757.07	4128.09
P(L)BDIT	(948.21)	(729.57)
Loss on sale of Assets	Nil	Nil
PBDIT (After Extra Ordinary Items)	(948.21)	(729.57)
Finance Charges	623.80	516.52
Depreciation	440.23	414.97
Profit/(Loss) Before Tax	(2012.24)	(1661.06)
Exceptional Items	11.09	(121.43)
Deferred Tax Asset	Nil	Nil
Taxes of earlier years	Nil	Nil
Net profit/(Loss) after Tax	(2001.15)	(1782.49)
Other Comprehensive Income	(132.06)	(143.12)
Total comprehensive income for the period (comprising Profit/(loss) and other comprehensive income for the year)	(2133.22)	(1925.41)
Add: balance brought Forward	(10158.60)	(8233.19)
Less: Depreciation	Nil	Nil
Add: Transferred from Profit & Loss Account	(2133.22)	(1925.41)
Balance Carried to Balance Sheet	(12291.82)	(10158.60)

2. Financial Performance

During the year under review, the Company has posted net sales of Rs.3713.27 lakhs and Rs. 1095.59 lakhs as other income. For the FY 2018-19 the company has incurred a loss of Rs. 2133.22 lakhs as against loss of Rs. 1925.41 lakhs of the previous year ended 31st March 2018. Detailed Performance of the Company is given in the Management and Discussion analysis forming part of the Corporate Governance report.

3. Change in nature of business

During the year under review, there is no change in the nature of business of the company.

4. Dividend

On account of losses during the year, no dividend is proposed to be declared for the financial year 2018-19.

5. Operations (Subject to revision)

During the FY 2018-19, one new product got commercialized and was released into the market. A total of four products were being produced in our plant which include Phenylephrine HCl, Simvastatin, Serratiopeptidase and RSS."

Modernization works are under progress in the FY 2018-19 to meet the latest pollution control norms and safety regulations. All relevant licenses were renewed. All the pending statutory requirements were addressed.

6. Material changes and commitments affecting the financial position of the company.

During the year under review, there were no material changes occurred and commitments made, that affect the financial position of the company.

The Company had received stop production order from the Andhra Pradesh Pollution Control Board citing "Non-compliance of Board directions and consent Order directions". The Company believes in following the directions of the Board and all the necessary steps have been taken by the management of the company to comply with the observations made by the Board. The revocation order from the Pollution Board has been received by the Company on 1st August, 2019 and the Company has started production accordingly.

7. Rights Issue :

At the 145th Meeting held on 30th July 2018 the Board of Directors has approved the proposal of raising of funds by

way of offer and issue of equity shares to the members of the Company on rights basis (Rights Issue) for an amount of upto Rs. 25 crores. Further, at the 148th meeting held on 11th January 2019, the Board of Directors approved the issue of 28,86,300 Equity Shares at Rs. 86/- each (including premium of Rs. 76/- per share) and subsequently the necessary approvals/consents under the provisions of SEBI (ICDR) Regulations, 2009, SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 were obtained.

8. Issue of Equity Shares

During the year under review, the company has issued and allotted 28,86,300 equity shares of Rs. 10/- each at a premium of Rs. 76/- per share under Rights Issue. As on 31st March 2019, the paid up equity share capital of the Company is Rs. 16,63,05,860/- comprising of 1,66,30,586 equity shares of Rs. 10/- each.

Apart from the above, the Company has not issued and allotted any other shares.

9. Investor Education and Protection Fund

No amounts and/or shares were transferred to the Investor Education and Protection Fund during the year under review.

10. Statutory Auditors

At the 21st Annual General Meeting held on 31st December 2014, the members of the Company approved the appointment of M/s Pavuluri & Co., Chartered Accountants (Firm Registration No. 012194S) Hyderabad as the Statutory Auditors of the Company to hold office till the conclusion of the 27th Annual General Meeting pursuant to Sec139 of the Companies Act, 2013 as they have completed 10 (ten) years term.

The term of office of Statutory Auditors M/s Pavuluri & Co., comes to an end at the conclusion of the ensuing Annual General Meeting.

The Board of Directors based on the recommendation of the Audit Committee, at their meeting held on 20th May 2019 has appointed M/s Bhavani & Co., Chartered Accountants (Firm Registration No. 012139S) as Statutory Auditors for a period of five years, subject to the approval of members of the Company at the ensuing Annual General Meeting.

The Statutory Auditors have confirmed their compliance with the provisions of the Companies Act, 2013.

11. Internal Auditors:

The Board of Directors based on the recommendation of Audit Committee has re-appointed M/s Suryanarayana & Suresh, Chartered Accountants, Hyderabad, as Internal Auditors of the Company for the Financial Year 2019-20 at their meeting held on 9th August 2019.

The internal auditors submit their reports at quarterly intervals to the Audit Committee and the Board.

12. Directors and Key Managerial Personnel

During the year, the non-executive directors of the company had no pecuniary relationship or transactions with the company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Re-appointments

During the year under review, Mr. E J Babu has retired by rotation and being eligible for re-appointment, at the 26th Annual General Meeting held on 10th September 2018 he had been re-appointed as Director.

During the year under review, Mr. Avinash Ravi has been re-appointed as Managing Director for a period of 3 years at the 26th Annual General Meeting held on 10th September 2018.

Key Managerial Personnel

During the year under review, Mr. C V R S N Kumar was retired and ceased to be Chief Financial Officer of the Company and the Board of Directors at their meeting held on 25th May 2018 had approved his resignation pursuant to attaining the age of retirement as per the superannuation rules of the Company.

The Board of Directors at its meeting held on 10th September 2018 appointed Mr. S. Phani Srinath as Chief Financial Officer of the Company.

Ms. Haritha Varanasi, Ceased to be Company Secretary w.e.f from 9-08-2019 due to resignation.

Ms. Taruni Banda, has been appointed Company Secretary w.e.f from 9-08-2019.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on the date of this report are-

Mr. Avinash Ravi - Managing Director,
Mr. Phani Srinath - CFO
Ms. Taruni Banda - Company Secretary

Retire by Rotation

Dr R T Ravi retires by rotation as Director and he offers himself for re-appointment at the ensuing 27th Annual General Meeting to be held on 25th September 2019.

12.2 Re-appointment of Independent Directors

Mr. G V L Prasad was appointed as Independent Director for a period of 5 years at the 22nd Annual General Meeting held on 31st December 2014 and Dr Tangirala Malati was appointed as Independent Director for a period of 5 years at the EGM held on 11th March 2015. Their term as Independent Directors expires on 31st December 2019 and 11th March 2020 respectively.

Mr. Satish Khivsara was appointed as an Independent Director for a period of 5 years at the 23rd Annual General Meeting held on 29th September 2015. His terms as Independent Director expires on 31st March 2020.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the performance evaluation of Independent Directors has recommended the re-appointment of Mr. G V L Prasad, Dr Tangirala Malati and Mr. Satish Khivsara as Independent Directors for a further period of five (5) years on the Board of the Company w.e.f. 1st January 2020 and 12th March 2020 and 1st April 2020.

The Board based on the performance evaluation of Independent Directors and as per recommendations of the Nomination and Remuneration Committee, considered that given the background and experience and contributions made by Mr. G V L Prasad, Dr Tangirala Malati and Mr. Satish Khivsara during their tenure, the continued association of Mr. G V L Prasad, Dr Tangirala Malati and Mr. Satish Khivsara would be beneficial to the Company and it is desirable to continue and avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. G V L Prasad, Dr. Tangirala Malati and Mr. Satish Khivsara as Independent Directors of the Company, not liable to retire by rotation, for a second term of 5 (five) years on the Board of the Company.

12.3 Declaration of Independence

The Company has received the declarations under Section 149 (6) of the Companies Act, 2013, from the independent directors that each of them meets the criteria of independence and there has been no change in the circumstances which may affect their status as independent directors during the year.

13. Board Meetings

During the financial year 2018-19, Seven (7) meetings of the Board were held. Details of the meetings of the board are provided in the corporate governance report which forms part of this report.

14. Corporate Social Responsibility

Your Company regards the wider community in which it operates to be an important stakeholder and actively contributes towards its welfare. According to the provisions of Section 135 of the Companies Act, 2013 the company doesn't fall under the categories of the companies to which the Corporate Social Responsibility is applicable. However, your company feels that making a positive contribution to the local community is the right thing to do and to this end, during the year, has contributed towards welfare of the poor, old aged and differently abled persons.

15. Quality Initiatives

Company is committed to meet the customers Quality requirements and satisfaction by maintaining high degree of assurance in Quality, Safety, efficacy and Multi disciplinary functions. We maintain mutual and beneficial relationship with the Suppliers, Vendors and Customers. We provide continual training to the employees working in

the plants by upgrading the knowledge of GMP practices, enriching the quality of life. We continually focus on developing new products with innovative knowledge and robust practices meeting / fulfilling the Regulatory and statutory requirement.

Company is committed to meet the regulatory standards set by USFDA, WHO-GMP & EDQM and our Unit-II Vizag site has been Accredited certified by EDQ. Many customers have audited Unit-I Nellore plant and have approved as qualified Vendor.

Company is totally focusing to be as an integrated company emerging in the Pharma market by improving and implementing best-in class methodologies to meet the World class customer requirements for their satisfaction with zero complaints and by implementing the ALCOA Practices in the plants.

16. Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) has been disclosed in the Corporate Governance Report, which forms part of this report.

17. Board Evaluation

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of independent directors, Board of Directors and Committees of the Board. The criteria for performance evaluation is based on the parameters like attendance and participation at the meetings of the Board and Committees thereof, contribution to strategic decision making, review of financial statements, business performance.

The evaluation of Board of Directors is performed by the Board after seeking all the inputs from the Directors and the Board Committees by seeking inputs from the Committee members.

The performance evaluation of the individual directors is done by the Nomination and Remuneration Committee.

The performance evaluation of non-independent directors, the Board as a whole and the Chairman is done by a separate meeting of Independent directors after taking inputs from the Executive directors.

18. Familiarisation program for Independent Directors

The Company has conducted familiarisation programs for the independent directors as required under the provisions of Companies Act, 2013.

19. Internal Financial Control Systems and their adequacy

The details in respect of internal financial controls and their adequacy are included in the Management Discussion and Analysis Report which forms part of this report.

20. Secretarial Standards

The company is in due compliance with the applicable secretarial standards.

21. Audit Committee

Your Company has a duly constituted Audit Committee and the Board has accepted all the recommendations of Audit Committee during the year under review. The members of the Audit Committee are:

- a) Mr. G V L Prasad - Chairman
- b) Mr. Satish Khivsara - Member
- c) Mrs. Malati Tangirala - Member

The details pertaining to meeting, role and responsibilities of Audit Committee are provided in the Corporate Governance Report, which forms part of this report.

22. Nomination and Remuneration Committee

Your Company has in place a duly constituted Nomination and Remuneration Committee which has

- a) Mr. Satish Khivsara - Chairman
- b) Mr. G V L Prasad - Member
- c) Mrs. Malati Tangirala - Member
- d) Dr R T Ravi - Member

Details pertaining to meetings, role and responsibilities of Nomination and Remuneration Committee are provided in the corporate Governance Report which forms part of this report.

23. Stakeholders Relationship Committee

Your Company has constituted a Stakeholders Relationship Committee as required under the provisions of SEBI Listing Regulations and the Companies Act, 2013. Members of the committee are

- a) Mr. G V L Prasad - Chairman
- b) Mr. Satish Khivsara - Member
- c) Mr. Avinash Ravi - Member
- d) Dr R T Ravi - Member

Details pertaining to meetings, role and responsibilities of Stakeholders Relationship Committee are provided in the corporate Governance Report which forms part of this report.

24. Loans and Investments

During the year under review, the company has not given any loans and not made any investments under the provisions of Section 186 of the Companies Act, 2013.

25. Particulars of Employees.

Pursuant to the provisions of Section 197 of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of the Company is drawing salary of more than Rs. 1.02 crores (Rupees One Crore Two Lakhs) per financial year or Rs. 8.5 lakhs (Eight Lakh Fifty Thousand) per month, as the case may be for the year ended 31st March 2019.

Details of the remuneration drawn by the Key Managerial Personnel is provided in Annexure I to the Board's Report.

26. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s DSMR and Associates, Practicing Company Secretaries, as Secretarial Auditors to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed herewith as Annexure-II to the Board's Report.

Qualifications in Secretarial Audit Report:

S. No	Observations in Secretarial Audit Report	Board's explanation/ comments
1	Delay in payment of annual listing fees to the Stock Exchanges and Depositories	There was an inadvertent delay in payment of annual listing fees. However, the annual listing fees are paid along with the applicable penal interest.
2	Non maintenance of 100% promoter shareholding in dematerialized form	1000 shares of Mrs. Hemalata Ravi and 19400 shares of Dr R T Ravi are under legal dispute in the court of law and hence the same could not be dematerialized.
3	Delay in filing of few Forms with Ministry of Corporate Affairs (MCA)	There was an inadvertent delay in filing of Forms with the Ministry but the same has been filed before the date of this report along with Additional fees.

27. Transactions with related parties

None of the transactions with related parties are material in nature as per the Related Party Transactions policy adopted by the Company. Information on transactions with related parties are given in Annexure-III in Form AOC-2 and the same forms the part of this report.

28. Fixed Deposits

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance Sheet.

29. Extract of Annual Return:

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure - IV in the prescribed Form MGT-9 which forms part of the report.

30. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair and true view of the state of affairs of the Company at the end of the financial year;
- iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the annual accounts on a going concern basis.
- v) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. Disclosures relating to Subsidiaries, Associates and Joint Ventures

The company doesn't have any subsidiary companies, Associate Companies and Joint Ventures during the year under review.

32. Disclosure Requirements

As per SEBI Listing Regulations, Corporate Governance Report with Auditors' Certificate thereon and Management Discussion and Analysis are attached, which form part of this report.

33. Prevention of Insider Trading

The Company has also adopted a code of conduct for prevention of insider trading. All directors, senior management employees and other employees who have access to the unpublished price sensitive information of the company are governed by the Code. During the year under report, there has been due compliance with the code of conduct for prevention of insider trading.

The said code is available in the company's website www.krebsbiochem.com.

34. Vigil Mechanism/Whistle Blower Policy

The Company has in place, whistle blower policy and no personnel have been denied access to the Chairman of the Audit Committee. The policy also provides for the safeguarding of whistle blowers. The whistle blower policy is available on website of the company www.krebsbiochem.com.

35. Energy conservation, technology absorption and foreign exchange earnings outgo.

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act,

2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure-V" to this report.

36. Safety, Environment and Health

The Company considers safety, environment and health as the management responsibility. The employees are provided training programs at regular intervals on manufacturing facilities on safety and environment.

37. Significant or material orders passed against the company.

Several creditors have filed winding up petitions with the High Court of Andhra Pradesh and Telangana. However, they don't have a significant impact on the on-going activities and operations of the company.

During the year under review, there were no significant or material orders passed against the company by regulators/ Courts/Tribunals impacting the going concern status and operations of the company in future.

38. Disclosure on Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code (IBC).

No corporate insolvency resolution process was initiated under the Insolvency and Bankruptcy Code (IBC) during the year under review.

39. Disclosures pertaining to the Sexual Harassment of Women at the workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with the provision relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There are no complaints registered during the year under review.

40. Acknowledgments

Your Directors take this opportunity to express their sincere appreciation to the shareholders, customers, bankers, employees, suppliers and other business associates for the excellent support and co-operation extended by them.

Your Directors gratefully acknowledge the on-going co-operation and support provided by the Central and State Governments, Stock Exchanges and SEBI and other Regulatory Bodies.

**For and on behalf of the Board of
Krebs Biochemicals & Industries Limited**

**Sd/-
Avinash Ravi
Managing Director
(DIN-01616152)**

**Sd/-
Dr. R T Ravi
Chairman & Director
(DIN- 00272977)**

**Place : Hyderabad
Date : 09.08.2019**

Annexure-I

Details of remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

As required under the provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of the Company is drawing salary of more than Rs. 1.02 crores (Rupees One Crore Two Lakhs) per financial year or Rs. 8.5 lakhs (Eight Lakh Fifty Thousand) per month, as the case may be for the year ended 31st March 2019.

- a. The ratio of remuneration of each director (including the sitting fees to independent directors) to the median remuneration of the employees of the company for the financial year

S. No.	Name of the Director/ Key Managerial Personnel	Remuneration of Director/KMP for the FY 2018-19 (Amount in Rs.)	% increase/ (Decrease) in remuneration in the FY 2018-19	Ratio of remuneration of each director/ KMP to median remuneration of employees	Comparison of remuneration of the KMP against the performance of the company
1.	Avinash Ravi	42,22,000	0	6.30%	The company is in continuing losses for the past financial years and during the year the company posted a net loss of Rs. 1925.41 lakhs
2.	Haritha Varanasi (Company Secretary)	6,49,996	0%	0.97%	Please refer to the note above.
3.	C V R S N Kumar (CFO)*	65,000	0%	0.1%	
4	Mr. S. PhaniSrinath (CFO)#	6,04,632	0%	0.90%	

*Mr. C V R S N Kumar ceased to be CFO of the company w.e.f. 25th May 2018.

Mr. S. Phani Srinath was appointed as CFO w.e.f. 10th September 2018.

- b. The median remuneration of the employees of the company during the financial year was Rs. 6,69,846/-
- c. The percentage increase in the median remuneration of employees in the financial year: 4.77%.
- d. There were 413 Regular employees and 39 contract employees as on 31st March 2019.
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration: None
- f. Affirmation that the remuneration is as per the remuneration policy of the company

The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

**For and on behalf of the Board of
Krebs Biochemicals & Industries Limited**

**Sd/-
Avinash Ravi
Managing Director
(DIN-01616152)**

**Sd/-
Dr. R T Ravi
Chairman & Director
(DIN- 00272977)**

**Place : Hyderabad
Date : 09.08.2019**

Annexure-II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
KREBS BIOCHEMICALS AND INDUSTRIES LIMITED
Kothapalli Village, Kasimkota Mandal,
Anakapalle- 531031
Visakhapatnam, India

I had conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KREBS BIOCHEMICALS AND INDUSTRIES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31ST MARCH, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable except for
Delay in filing of
 - i. Form AOC – 4XBRL for the Financial Year 2016 – 2017,
 - ii. Form MGT-14 relating to the appointment of CFO
 - iii. Form MR – 1 relating to the re-appointment of Mr. Avinash Ravi as the Managing Director
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under except:
Delay in payment of Listing Fees to BSE Limited and The National Stock Exchange of India Limited for the financial year 2018 – 2019.
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
Delay in payment of custodian fees to both the Depositories for the financial year 2018 – 2019
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings

During the period of our audit there were no activities done by the Company under the aforesaid regulations.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

The Company has issued and allotted 28,86,300 fully paid Equity Shares of Rs. 10/- each on Right Basis to the existing shareholders after obtaining all the necessary statutory and regulatory approvals.

- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefit Schemes) Regulations, 2014;

During the period of our audit the Company has not issued any securities under these regulations and also does not have an ESOP plan. Hence the reporting of compliance under these regulations does not arise.

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

During the period of our audit the Company has not issued any Debt Securities under these regulations. Hence the reporting of compliance under these regulations does not arise.

- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

During the period of our audit the Company has not delisted its Equity Shares from any of the exchanges, where the shares are listed. Hence the reporting of compliance under these regulations does not arise; and

- (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

During the period of our audit the Company has not done any buy back of its securities. Hence the

reporting of compliance under these regulations does not arise;

(vi) Other laws specifically applicable to the Company are:

- a. Pharmacy Act, 1948;
- b. Drugs and Cosmetics Act, 1940;
- c. Indian Boilers Act, 1923
- d. Factories Act, 1948
- e. Water (Prevention and Control of Pollution) Act, 1974
The company has received show cause notice from the Pollution Control Board for the unit located at Kothapalli Village relating to non compliance of conditions specified in the content order.
- f. Air (Prevention and Control of Pollution) Act, 1981
The company has received show cause notice from the Pollution Control Board for the unit located at Kothapalli Village relating to non compliance of conditions specified in the content order.
- g. The Trade Union Act, 1926
- h. Industrial Disputes Act, 1947
- i. Minimum Wages Act, 1946
- j. Payment of Bonus Act, 1965

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

Since only the Secretarial standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) have been notified and effective from 1st July, 2015, the Company has complied with the said Standards.

(ii) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [except for Regulation 34 (3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance of which has been certified by the Statutory Auditors relating to Corporate Governance] except for:

- Not complying with the requirement of maintaining 100% of promoters holding in demat form.
- Delay in payment of listing fees to BSE Limited and The National Stock Exchange of India Limited and also to the depositories.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

I further report that the compliance by the Bank of the applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, the same need to be strengthened further to ensure timely and efficient compliance.

We further report that during the audit period the Company has

1. The following creditors have filed Winding up Petitions under the provisions of Section 433 of the Companies Act, 1956 with the Hon'ble High Court at Vijayawada having jurisdiction over the States of Andhra Pradesh for non-payment of their dues:
 - Niram Chemicals
 - Bharat Jyoti Impex
 - Agarwal Coal Corporation Private Limited
 - Sparchem
 - Aurobindo Pharma Limited
 - Trident Chemphar Limited
 - Om Sai Professional Detective Security
2. The Company has issued 28,86,300 fully paid Equity Shares of the Company (Face value of Rs. 10/- per Equity Shares) allotted on Right basis in the ratio of 21:100 to the existing shareholders at a price of Rs. 86/- per share (including premium of Rs.76/-) after obtaining all the necessary statutory and regulatory approvals.

For DSMR & Associates
Company Secretaries
Sd/-
D S M Ram
Proprietor
C.P.No.4239

Place: Hyderabad
Date: 09-08-2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure 'A'

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

To,
The Members,
KREBS BIOCHEMICALS AND INDUSTRIES LIMITED
Kothapalli Village, Kasimkota Mandal,
Anakapalli - 531031

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For DSMR & Associates
Company Secretaries**

**Sd/-
D S M Ram
C. P. No. 4239
Proprietor**

**Place: Hyderabad
Date: 09-08-2019**

Annexure-III (AOC-2)

Particulars of contracts/arrangements made with related parties [Pursuant to Clause (h) Sub-section(3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014- AOC-2]

This form pertains to the disclosure of particulars of contracts/arrangements entered into between the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:
 - a) Name(s) of the related party and nature if relationship : Not Applicable
 - b) Nature of contracts/arrangements/transactions : None
 - c) Duration of the contracts/arrangements/transactions : Not Applicable
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any : Not Applicable
 - e) Justification for entering into such contracts or arrangements or transactions : Not Applicable
 - f) Date(s) of approval by the Board : Not Applicable
 - g) Amounts paid as advances, if any : None
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 : Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:
 - a) Name(s) of the related party and nature of the relationship : Ipca Laboratories Limited
 - b) Nature of contracts/arrangements/transactions : Supply agreement
 - c) Duration of the contracts or arrangements or transactions : Continuous transactions on an Ongoing Basis
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any :

Nature, material terms and particulars of arrangement	i. Purchase/sale of materials, capital goods, plant & machineries, packaging materials etc., at a market determined price that would be generally agreed by the trade/industry for similar nature of transaction.
	ii. Availing of/rendering of services at a price that would be generally charged in the trade/industry for that particular type of service.
	iii. Provision of common services at proportionate cost.

e) Date(s) of approval by the Board, if any : 10th August 2017

f) Amount paid as advances, if any : None

3. Details of contracts or arrangements or transactions not in the ordinary course of business.

S.No	Particulars	Details
a)	Name(s) of the related party & nature of relationship	None
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	None
e)	Justification for entering into such contracts or arrangements or transactions	None
f)	Date of Approval by the Board	Not Applicable
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	Not Applicable

All related party transactions that were entered during the financial year were on arms-length basis and are according to the policy of related party transactions adopted by the Company.

**For and on behalf of the Board of
Krebs Biochemicals & Industries Limited**

**Sd/-
Avinash Ravi
Managing Director
(DIN-01616152)**

**Sd/-
Dr. R T Ravi
Chairman & Director
(DIN- 00272977)**

**Place : Hyderabad
Date : 09.08.2019**



ANNEXURE-IV
FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN
AS ON 31.03.2019

PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014.

I. REGISTRATION AND OTHER DETAILS

1	CIN	L24110AP1991PLC103912
2	Registration Date	02.12.1991
3	Name of the Company	Krebs Biochemicals& Industries Limited
4	Category/Sub-Category of the Company	Public Company/ Limited by shares
5	Address of the Registered Office & Contact Details	Kothapalli(v), Kasimkota(M), Anakapalli, Vishakapatnam(D), Andhra Pradesh. Tel: 040-66808040
6	Whether Listed Company	Yes
7	Name, Address & Contact Details of the Registrar & Share Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 &32 ,Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana- 500032. Tel: 040-67161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

ALL THE BUSINESS ACTIVITIES CONTRIBUTING 10% OR MORE OF THE TOTAL TURNOVER OF THE COMPANY SHALL BE STATED

SL No	Name & Description of main products/services	NIC code of the product/service	% to total turnover of the Company
1	Simvastatin	29420090	46.14%
2.	Phenylephrine	29420090	52.92%
3.	Sabam (RSS)	29420090	0.94%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

SI No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL	NIL	NA	Nil	Nil

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of shareholders	No. of shares at the beginning of the period				No. of shares held at the end of the period				% change during the period
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/HUF	3413841	700400	4114241	29.94%	4957830	20400	4978230	29.93%	-0.01%
b) Central Government/ State Government(s)	0	0	0	0.00%	0	0	0	0	0
c) Bodies Corporate	4100100	0	4100100	29.83%	5775195	0	5775195	34.73%	4.90%
d) Financial Institutions/ Banks	0	0	0	0.00%	0	0	0	0	0
e) Others	0	0	0	0.00%	0	0	0	0	0
Sub-Total A(1)	7513941	700400	8214341	59.77%	10733025	20400	10753425	64.66%	4.89%
2) Foreign									
a) Indian (NRIs/Foreign Individuals	0	0	0	0.00%	0	0	0	0.00%	0
b) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0
c) Institutions	0	0	0	0.00%	0	0	0	0.00%	0
d) Qualified Foreign Investor	0	0	0	0.00%	0	0	0	0.00%	0
e) Others	0	0	0	0.00%	0	0	0	0.00%	0
Sub-Total A(2)	0	0	0	0.00%	0	0	0	0.00%	0
Total A= A(1)+A(2)	7513941	700400	8214341	59.77%	10733025	20400	10753425	64.66%	0
(B) Public Shareholding									
1) Institutions									
(a) Mutual Funds/UTI	0	0	0	0.00%	0	0	0	0.00%	0
(b) Financial Institutions/ Banks	522	0	522	0.00%	522	0	522	0.00%	0
(c) Central Government/ State Government(s)	0	0	0	0.00%	0	0	0	0.00%	0
(d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0
(e) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0
(f) Foreign Institutional Investors	0	1300	1300	0.00%	0	1300	1300	0.00%	0
(g) Foreign Venture Capital investors	0	0	0	0.00%	0	0	0	0.00%	0
(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0
(i) Others	0	0	0	0.00%	0	0	0	0.00%	0
Sub-Total- B(1)	522	1300	1822	0.01%	522	1300	1822	0.01%	0
(2) Non-Institutions									
(a) Bodies Corporate	1947738	113501	2061239	15.00%	1940911	3601	1944512	11.69%	-3.31%
(b) Individuals									
(i) Individuals holding nominal share capital up to Rs. 2 lakhs	1465905	155563	1621468	11.78%	1487176	142530	1629706	9.80%	-1.98%

(ii) Individuals holding nominal share capital in excess of Rs. 2 lakhs	1213330	380000	1593330	11.59%	1560844	489800	2050644	12.33%	0.74%
(c) Others									
Non Resident Individuals	250033	0	250033	1.82%	244609	0	244609	1.47%	-0.35%
Clearing Members	1689	0	1689	0.01%	5504	0	5504	0.03%	0.02%
NBFCs Registered with RBI	364	0	364	0.00%	364	0	364	0.00%	0.00%
Sub-Total- B(2)	4879059	649064	5528123	38.58%	5239408	635931	5875339	35.32%	-3.26%
Total B= B(1)+B(2)	4879581	650364	5529945	40.23%	5239930	637231	5877161	35.34%	0.00%
Total A+B	12393522	1350764	13744286	100%	15972955	657631	16630586	100%	0
(c) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter and Promoter group	0	0	0	0.00	0	0	0	0.00%	0
(2) Public	0	0	0	0.00	0	0	0	0.00%	0
Grand Total (A+B+C)	12393522	1350764	13744286	100%	15972955	657631	16630586	100%	0

ii) Shareholding of promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of the total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of the total shares of the company	% of shares pledged/encumbered to total shares	
1	Dr R T Ravi	19400	0.14%	0.00%	23474	0.14%	0.00%	0.00%
2	Avinash Ravi	1768821	12.87%	1.45%	2140272	12.87%	1.20%	0.00%
3	Ipca Laboratories Limited	4100100	29.84%	0.00%	5775195	34.72%	0.00%	4.88%
4	Hemalata Ravi	2224400	16.19%	1.45%	2691524	16.18%	1.20%	-0.01%
5	Aditya Ravi	8820	0.06%	0.00%	10672	0.06%	0.00%	0.00%
6	Ajay Ravi	92800	0.67%	0.00%	112288	0.67%	0.00%	0.00%
	Total	8214341	59.77%	2.90%	10753425	64.66%	2.40%	4.89%

iii) Change in promoters' Shareholding (Please specify, if there is no change)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr R T Ravi	19400	0.14%	25.03.2019	Allotment of Shares pursuant to Rights Issue	4074	0.02%	23474	0.14%
2.	Mr. Avinash Ravi	1768821	12.87%	25.03.2019	Allotment of Shares pursuant to Rights Issue	371451	2.23%	2140272	12.87%
3.	Mrs. Hemalata Ravi	2224400	16.18%	25.03.2019	Allotment of Shares pursuant to Rights Issue	467124	2.81%	2691524	16.18%
4.	Ipca Laboratories Limited	4100100	29.83%	25.03.2019	Allotment of shares pursuant to Rights Issue	1675095	10.07%	5775195	34.72%
5.	Aditya Ravi	8820	0.06%	25.03.2019	Allotment of shares pursuant to Rights Issue	1852	0.06%	10672	0.06%
6.	Ajay Ravi	93300	0.68%	25.03.2019	Allotment of shares pursuant to Rights Issue	19488	0.12%	112788	0.68%

iv) Shareholding pattern of top ten shareholders (other than Directors, promoters and Holders of ADRs and GDRs):

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sun Pharmaceutical Industries Limited	10,50,000	7.64%	N.A	N.A	Nil	Nil	10,50,000	6.31%
2.	Pinky Ventures Private Limited	599000	4.36%	N.A	N.A	Nil	Nil	599000	3.60%
3.	K. Satish	215000	1.56%			434	0.00%	443067	2.66%
				03.10.2018	Market Purchase	51603	0.37%		
				10.10.2018		1685	0.01%		
				11.10.2018		200	0.00%		
				30.10.2018		51	0.00%		
				09.11.2018		78	0.00%		
				22.11.2018		4750	0.03%		
				22.11.2018		2250	0.01%		
				26.11.2018		8000	0.06%		
				26.11.2018		610	0.00%		
				26.11.2018		4000	0.03%		
				26.11.2018		6390	0.05%		
				04.12.2018		2306	0.02%		
				04.12.2018		1000	0.00%		
				08.01.2019		1000	0.00%		
				08.01.2019		10000	0.07%		
				10.01.2019		4000	0.03%		
				18.02.2019		3486	0.02%		
				18.02.2019		4622	0.03%		
				20.02.2019		47	0.00%		
				20.02.2019		5	0.00%		
				21.02.2019		332	0.00%		
				25.03.2019	Allotment – Rights Issue	121218	0.73%		
4.	ShaajiPalliyath	200000	1.45%	NA	NA	Nil	Nil	200000	1.20%
5.	K. Swapna	61600	0.45%	07.09.2018	Market Purchase	3330	0.02%	156653	0.94%
				07.09.2018		996	0.00%		
				19.09.2018		618	0.00%		
				21.09.2018		3456	0.02%		
				26.09.2018		40500	0.29%		
				25.03.2019	Allotment- Rights Issue	46153	0.28%		
6.	Gandhi Kantheti	152585	1.11%	NA	NA	Nil	Nil	152585	0.92%
7.	Edelweiss Asset Reconstruction Company Limited	150000	1.09%	N.A	N.A	Nil	Nil	150000	0.90%
8.	Nagendra Rao Vempati	Nil	0.00%	01.06.2018	Transfer of shares	65000	0.47%	119600	0.72%
				25.03.2019		54600	0.33%		
9.	LekhyaKantheti	72821	0.53%	23.04.2018	Market Purchase			101040	0.61%
				24.04.2018					
				26.04.2018					
				16.05.2018					
				17.05.2018					
				17.05.2018					
				18.05.2018					
				18.05.2018					
				21.05.2018					
				02.07.2018					
				09.07.2018					
				10.07.2018					
				24.07.2018					
				25.07.2018					
				27.07.2018					
				30.07.2018					
10.	Murthy Raju	80000	0.58 %	N.A	N.A	Nil	Nil	80000	0.48

Note: The percentage of shareholding at the end of the year is calculated on the number of shares as on 31st March 2019 i.e. 16630586 shares.

v) Shareholding of Directors & KMP

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr R T Ravi (Non- Executive Director & Chairman)	19400	0.14%						
				25.03.2019	Allotment of Shares pursuant to Rights Issue	4074	0.02%	23474	0.14%
2.	Avinash Ravi (Managing Director)	1768821	12.87%						
				25.03.2019	Allotment of Shares pursuant to Rights Issue	371451	2.23%	2140272	12.87%
3.	G V L Prasad (Independent Director)	130000	0.94%						
				25.03.2019	Allotment of shares pursuant to Rights Issue	12530	0.07%	142530	0.86%
4.	MalatiTangirala (Independent Director)	1334	0.01%					0	0.00%
				Nil	Nil	0	0.00%	1334	0.01%
5.	Satish Khivsara (Independent Director)	50	0.00%					0	0.00%
				Nil	Nil	0	0.00%	50	0.00%
6.	Manish Jain (Non-Executive Director)	100	0.00%					0	0.00%
				Nil	Nil	0	0.00%	100	0.00%
7.	E J Babu (Non-Executive Director)	50	0.00%					0	0.00%
				Nil	Nil	0	0.00%	50	0.00%
8.	Raj Kamal Prasad Verma (Independent Director)	200	0.00%					0	0.00%
				Nil	Nil	0	0.00%	200	0.00%
9.	Haritha Varanasi (Company Secretary)	5	0.00%					0	0.00%
				Nil	Nil	0	0.00%	5	0.00%
10.	C V R S N Kumar (CFO up to May 25, 2018)	300	0.00%					0	0.00%
				15.05.2018	Sale	250	0.00%	50	0.00%
11.	S. PhaniSrinath (CFO since 10th September 2018)	0	0.00%						

v. Indebtedness

(₹ in lacs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	600	9623.46	0.00	10223.46
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	600	9623.46	0.00	10223.46
Change in indebtedness during the year				
Additions	0.00	350.00	0.00	350.00
Reduction	(400.00)	(327.39)	0.00	(650.00)
Net change	(400.00)	22.61	0.00	(377.39)
Indebtedness at the end of the year				
i) Principal Amount	200.00	9646.07	0.00	9846.07
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	200.00	9646.07	0.00	9846.07

vi. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director & Whole-time Director and/or Manager:

(₹ In lacs)

S.No.	Particulars of Remuneration	Amount
1.	Gross Salary (Rs. In lakhs)	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	42.22
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	10.30
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00
2.	Stock Option	0.00
3.	Sweat Equity	0.00
4.	Commission as % of profit	0.00
5.	Others (please Specify)	0.00
	Total (A)	52.52
	Ceiling As per the Limit	

B. Remuneration to Other Directors

(₹ in lacs)

Particulars of Remuneration	Name of the Directors							Total Amount
Independent & Non- Executive Directors	R T Ravi (00272977)	G V L Prasad (00017081)	MalatiTangirala (07094957)	Satish Khivsara (07244464)	Manish Jain (01856146)	E J Babu (06759124)	Raj Kamal Prasad Verma (02166789)	
a) Fee for attending Board Meetings	0.75	1.25	1.20	1.35	0.60	0.60	0.70	6.45
b) Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)	0.75	1.25	1.20	1.35	0.60	0.60	0.70	6.45

C. Remuneration to Key Managerial Personnel Other than MD/WTD/Manager:

(₹ in lacs)

S.No.	Particulars of Remuneration	Company Secretary (Ms. Haritha Varanasi)	Chief Financial Officer (Mr. C V R S N Kumar up to 25th May 2018)	Chief Financial Officer (Mr. S. Phani Srinath w.e.f 10th September 2018)	Total Amount
1.	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.50	0.65	6.05	13.2
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission as % of profit	Nil	Nil	Nil	Nil
5	Others (please Specify)	Nil	Nil	Nil	Nil
	Total (A)	6.50	0.65	6.05	13.2
	Ceiling As per the Limit				

vii. Penalties/ Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority[RD/ NCLT/Court]	Appeal made, if any (give details)
A. Company					
Penalty Punishment Compounding			NIL		
B. Directors					
Penalty Punishment Compounding			NIL		
C. Officers in Default					
Penalty Punishment Compounding			NIL		

Annexure-V

Conservation of energy, technology absorption and Foreign exchange earnings and outgo
(Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy:

i) Steps taken or impact on conservation of energy

Particulars	Unit I (Nellore)	Unit II (Vizag)
Energy conservation Initiatives carried	★ Implementation of Hot water tanks in API block. ★ Replacement of old MV/SV lamps with LED lamps has been carried out. ★ Auto control system provided for temperature control of Deep Freezers in Warehouse. ★ By making insulation for all cooling & steam lines we saved energy. ★ All the utilities and equipment have analog pressure gauges and analogue instruments for monitoring vacuum, voltage, current etc. With digital controllers can monitor closely and avoid parameter errors to improve the equipment efficiency. ★ By continuous monitoring of Steam trap we avoided steam wastage.	★ Temperature controller system arranged to one cooling tower out of Six Cooling towers. ★ Process raw water pump replaced from 20HP to 15 HP at Goa Garden. ★ Nitrogen Plant CT Water pumps lines modified for 5 HP instead of 25 HP. ★ Raw water used to Boiler for wetting of Coal, Ash and Hands washing. Now provided Reject water line to above area's ★ All Reactors Vessel Lamps replaced from 60Watts GLS Lamps to 9 Watts LED Lamps ★ All Blocklighting 160 Watts lamps replaced with 20 Watts LED Lamps. ★ Effluent water pumping purpose, 10HP Motor with pump arranged for MF & UF 100KL broth tank instead of 40HP. ★ All 125Watt HPMV street lights replaced with 50Watt led fittings. ★ Interlocking system provided to all AHU's to DX units. ★ Steam condensate recovery system provided to all production blocks. ★ Insulation provided to all steam lines and chilled water lines where ever damaged to avoid losses. ★ All condensers de-scaling done to increase the efficiency. ★ All cooling towers spray nozzles and fins cleaned. ★ Instead of using 30KL receiver, installed 2KL receiver and connected with 5HP vacuum based pump for distillation system.
Energy Initiatives Planned	★ Auto power factor control panel installation to maintain correct power factor. ★ Installation VFD's for the Motors to improve the efficiency and decrease the power consumption. Few VFDs are already installed. ★ Planning to install steam condensate recovery system to save the water. ★ Planning to install rain water harvesting to collect to save the water in Rainey season. ★ Planning to install energy meters area wise and observe day to day power consumption and inform area wise users to save the energy	a. 58M3/Min Air compressor motor 335HP VFD arranged. To be commissioned & trial to be taken. b. VFD to be planed for 120HP Chilled water secondary pump. c. Temperature controllers to be planned for remaining five cooling tower fans d. To Air receivers 04 No's Auto Water drain systems to be provided. e. DM Water Plant existing SBA feed pump 10 HP to be replaced with 5HP Motor. To full fill the requirement of flow rate is 5 M3/ Hour. f. Street lights daily timers to be provided to automatically On & OFF. g. In Blocks all Exhaust fans remote control push buttons to be planed. h. Auto power factor controller to be planned to control power factor to reduce the power losses. i. Proposed to provide VFD's for 6TPH Boiler ID & FD fans to save the electrical energy. j. Proposed to provide VFD's to cooling tower pumps and to install Differential Pressure Transmitters at IN & OUT lines of the cooling towers to control the RPM based on the usage. k. Proposed to replace the lower HP motors in place of where ever motors taking lesser current than rated currents. l. Proposed to provide Economizer to 2nd CF Boiler to increase the boiler efficiency. m. Energy efficient motors (IE 03) will be procured here after for continuous running motors. n. Proposed to install level switches at raw water sumps to control the overflow. o. As per process requirement, we have planned to install 120HP air compressor instead of 335HP air compressor.

- ii) Steps taken by the Company for utilizing alternate sources of energy.

Since the manufacturing operations at the plants are not yet full scale, there is no immediate requirement for alternate sources of energy.

- iii) The capital investment on energy conservation equipment.

The Company has not spent any material capital investment on energy conservation equipment.

B. Technology Absorption

Research & Development

- i) Specific areas in which R&D Work was carried out by the Company: None
- ii) Benefits derived as a result of the above R&D: None
- iii) Future plan of action: Currently none
- iv) Expenditure incurred on R&D : None
- v) Imported technology (imported during the last 5 years): The Company has not imported any technology in the past 5 years.

C. (Rs. in lacs)

Foreign Exchange Earnings and Outgo	Amount
Used	75.11
Earned	43.49

For and on behalf of the Board of
Krebs Biochemicals & Industries Limited

Sd/-
Avinash Ravi
Managing Director
(DIN-01616152)

Sd/-
Dr. R T Ravi
Chairman & Director
(DIN- 00272977)

Place : Hyderabad
Date : 09.08.2019

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2018-2019 (ANNEXURE TO DIRECTORS REPORT)

I. Company's Philosophy on Corporate Governance

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of corporate governance. Your Company strongly believes that for attaining sustaining growth in this corporate world and enhancing the shareholder value corporate governance is a pre-requisite. The governance practices followed by your company have played a vital role in its journey of continued success. Our endeavor over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, and profitable growth and creating long term value for the stakeholders. Accordingly, we always seek to ensure that our performance is driven by integrity, values and ethics.

The governance practices followed by your company are continuously reviewed and the same are benchmarked to the best governance practices.

Your Company has complied with all the regulations stipulated by the Listing Regulations by SEBI and as prescribed under the Companies Act, 2013.

The Company has adopted a code of conduct for its employees including the Managing Director and the key managerial personnel. In addition, your company has also adopted a code of conduct for its non-executive directors which includes code of conduct for independent directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act"). The codes are available on the Company's website.

Your Company is in compliance with the requirements stipulated under the Clause 49 of the erstwhile Listing Agreement and Regulations 17 to 27 of the SEBI (LODR) Regulations, 2015 read with Schedule V and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015, as applicable, with regard to the corporate governance.

II. Board Diversity

The company recognizes and embraces the benefits of having a diverse board to enhance quality of its performance. The company always believes the board diversity as essential element to achieve sustainable and balanced development and in supporting the attainment of its strategic objectives. The Board has adopted the Policy on Board Diversity which sets

out the approach to diversity of the Board of Directors. The Policy on Board Diversity is available on the company's website krebbsbiochem.com.

III. Board of Directors

- i. Your Company's selection and appointment of directors is based on various criteria laid down in policy on Board diversity. The criteria inter alia include aspects like professional qualifications, proven track record in one or more skills such as managerial, finance, accounting, technical operations. There were no changes in the composition of Board during the year.
- ii. As on 31st March 2019, the Company has eight directors. Of the eight directors seven (i.e 87.5%) are non-executive directors and four (i.e 50%) are independent directors. The composition of board is in conformity with Regulation 17 of the listing regulations and Section 149 of the Act.
- iii. None of the directors on the company's Board hold directorships in more than 10 public companies. Furthermore, none of them is a member of more than ten committees or chairman of more than 5 committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on 31st March 2018 have been made by the Directors.
- iv. Independent Directors are non-executive directors as defined under regulation 16(1)(b) of the listing regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All independent directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) of the listing regulations read with Section 149(6) of the Act.
- v. The names and categories of the Directors on the Board, their attendance, board meetings held during the year and number of directorships and committee chairmanships/memberships held by them in other public companies as on 31st March 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act, Chairmanships/memberships of board committees shall only include audit committee and stakeholders' relationship committee.

Name	Attendance at the AGM held on 10th September, 2018	Attendance in Board Meetings		Number of directorships in other public companies		Number of committee positions held in other public companies	
		Held	Present	Chairman	Director	Chairman	Member
Dr. R.T. Ravi	Yes	7	6	Nil	Nil	Nil	Nil
Mr. Avinash Ravi	Yes	7	7	Nil	Nil	Nil	Nil
Mr. G.V.L. Prasad	Yes	7	6	Nil	Nil	Nil	Nil
Dr. TangiralaMalati	Yes	7	6	Nil	Nil	Nil	Nil
Mr. SatishKhivsara	Yes	7	7	Nil	Nil	Nil	Nil
Mr. Manish Jain	Yes	7	5	Nil	1	Nil	Nil
Mr. E.J. Babu	Yes	7	6	Nil	1	Nil	Nil
Mr. Raj Kamal Prasad Verma	Yes	7	7	Nil	1	Nil	Nil

- vi. Seven (7) board meetings were held during the year and gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meeting were held:
26th May 2018; 30th July 2018; 10th September 2018; 30th October 2018; 11th January 2019; 12th February 2019 and 25th March 2019.
The necessary quorum was present for all the meetings.
- vii. During the year 2018-19, information as mentioned in Schedule II Part A of the Listing Regulations, has been placed before the Board.
- viii. The terms and conditions of appointment of the Independent Directors are disclosed in the website of the company.
- ix. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- x. The details of the familiarisation programme will be available in the website of the company.
- xi. Details of equity shares of the Company held by directors as on 31st March 2019 are given below:

Name	Category	Number of equity shares
Dr R T Ravi	Non-Independent, Non-Executive	23474
Avinash Ravi	Non-Independent, Executive	2140272
G V L Prasad	Independent, Non-Executive	142530
Mr. Manish Jain	Non-Executive	100
Mr. E J Babu	Non-Executive	50
Mr. Raj Kamal Prasad Verma	Independent, Non-Executive	200
Satish Khivsara	Independent, Non-Executive	50
Dr. Tangirala Malati	Independent, Non-Executive	1334

- xii. Except Dr R T Ravi and Mr. Avinash Ravi, no other directors of the company are related to each other.
- xiii. Skills/Expertise of the Board of Directors:

The Company has diverse and highly qualified members in the Board and firmly believes that their expertise and skills in specialised areas are immensely beneficial to the company.

S.No	Name	Category	Skills/Expertise
1.	Dr R T Ravi	Non-Executive Director & Chairman	Dr R T Ravi has PhD in Bio-chemistry from National Dairy Research Institute, Karnal and M.Sc-Bio Chemistry from Baroda University. He is A bio-technologist having an experience of over 40 years in the area of applied biochemical research. He had also made an extensive study in the cultivation of medicinal plants in different agroclimatic zones of the state of Andhra Pradesh.
2.	Mr. G V L Prasad	Independent Director	He is a Chartered Accountant and Bachelor of Law. He possess expertise in the area of finance, accounting and legal matters.
3.	Mr. Avinash Ravi	Managing Director	He is graduate in Bio-process engineering from University of South Wales, Australia. He is specially qualified and trained in production and purification of Biotechnology products like Monoclonal Anti-Bodies, R-DNA Products etc
4.	Mr. Manish Jain	Non-Executive Director	He is a Chartered Accountant and Executive MBA in General Management. He has Expertise in Business Development includes new product development, in-licensing of products and technology, heading contract research and manufacturing Services in Ipca Laboratories Limited.
5.	Mr. E J Babu	Non-Executive Director	He possess P G diploma in marketing management. He is skilled in marketing as well as Sales Management of Active Pharmaceutical Ingredients globally. Also experienced in logistics related functions of the export operations. He is currently working for Ipca Laboratories Limited as President- Global APIs.
6.	Dr. Tangirala Malati	Independent Director	Dr. Tangirala Malati is Phd, FAMS, FAPS, FACBI. She has 47 years of vast experience in Academic, research and General administration in the field of clinical Bio-chemistry, immunochemistry and Bio-chemistry.
7.	Mr. Raj Kamal Prasad Verma	Independent Director	He is having degree in Master of Business Management and PG diploma in Industrial Relations and Personnel Management. He is a Turn-around and Operations expert, spear-heading business organisations with P & L responsibilities and corporate strategy.
8.	Mr. Satish Khivsara	Independent Director	He is a Chartered Accountant and has 40 years of experience in the field of Finance and entrepreneurship.

xiv. The Company also confirms that the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

IV. Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company framed the following policies which are available on Company's website i.e. www.krebsbiochem.com

- Board Diversity Policy
- Policy on preservation of Documents
- Risk Management Policy
- Whistle Blower Policy
- Familiarization program for Independent Directors
- Policy on Related Party Transactions
- Code of Conduct for Board of Directors and Senior Management Personnel

V. Committees of the Board

A. Audit Committee

i. The audit committee of the company is constituted in line with the provisions of Regulation 18 of Listing Regulations, read with Section 177 of the Companies Act, 2013.

ii. The terms of reference of the audit committee are broadly as under:

- ★ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ★ Recommendation of appointment, remuneration and terms of appointment of auditors of the Company;
- ★ Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
- ★ Reviewing, with the management, the annual financial statements and auditors' report thereon before the submission to the board for approval, with particular reference to:
- * Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub-section 3 of Section 134 of the Act.
- * Changes, if any, in accounting policies and practices and reasons for the same.
- * Major accounting entries involving estimates based on the exercise of judgment of the management.
- * Significant adjustments made in the financial statements arising out of audit findings.
- * Compliance with listing and other legal requirements relating to financial statements.
- * Disclosure of any related party transactions.
- * Qualifications in the draft auditors' report.

- The audit committee shall review the information as required under the Listing Regulations and the Companies Act, 2013.

iii. The audit committee invites such of the executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.

iv. The previous Annual General Meeting (AGM) of the company was held on 10th September 2018 and was attended by Mr. G V L Prasad, Chairman of the Audit Committee.

v. The Composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the financial year 2018-19	
		Held	Present
G V L Prasad (Chairman)	Independent, Non-Executive	6	6
Mrs. Tangirala Malati	Independent, Non-Executive	6	6
Satish Khivsara	Independent, Non-Executive	6	6

vi. Six (6) Audit committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

26th May 2018, 30th July 2018; 10th September 2018; 30th October 2018; 11th January 2019 and 12th February 2019.

The necessary quorum was present for all the meetings.

B. Stakeholders' Relationship Committee

i. The Stakeholders' Relationship Committee is constituted in line with the provisions of Regulation 20 of Listing Regulations read with Section 178 of the Act.

ii. The broad terms of reference of the Stakeholders' Relationship Committee are as under:

- Consider and resolve the grievances of shareholders of the Company including redressal of investor complaints such as transfer or credit of shares, non-receipt of dividend/notice/annual report etc and all other shareholders related matters.

- Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

iii. One meeting of Stakeholders Relationship Committee were held during the year on 15th June 2018.

iv. The composition of Stakeholders Relationship Committee and details of meetings attended by its members are given below:

Name	Category	No. of meetings during the financial year 2018-19	
		Held	Present
G V L Prasad (Chairman)	Independent, Non-Executive	1	1
Dr R T Ravi	Independent, Non-Executive	1	1
Avinash Ravi	Non-Independent, Non-Executive	1	1
Satish Khivsara	Independent, Non-Executive	1	0

v. Name, designation and address of compliance officer:

Ms. Haritha Varanasi,
Company Secretary & Compliance Officer,
Krebs Biochemicals & Industries Limited,
Plot No.34, 8-2-577/B,
3rd Floor, Maas Heights, Road No.8,
Banjara Hills, Hyderabad, Telangana- 500034.
Tel: 040-66808040
Designated e-mail id for investors –
investors@krebbsbiochem.com

vi. Details of investor complaints received and redressed during the year 2018-19

Opening Balance	Received during the year	Redressed during the year	Closing balance
1	0	0	1

C. Nomination & Remuneration Committee

i. The nomination and remuneration committee of the company is constituted in line with the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Act.

ii. The broad terms of reference of the nomination and remuneration committee are as under:

- Recommend to the Board the set up and composition of the Board and its committees including the formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommend to the Board appointment or re-appointment of directors.
- Devise a policy on the Board diversity
- Recommend to the Board appointment of Key Managerial Personnel.
- Carry out evaluation of every director's performance and support the Board and independent directors in evaluation of the performance of the Board, its committees and individual directors.
- Recommend to the Board the remuneration policy for directors or key managerial personnel.
- Oversee the familiarisation programs for directors.

iii. The composition of the nomination and remuneration committee and details of meetings attended by its members are:

Name	Category	No. of meetings during the financial year 2018-19	
		Held	Present
Satish Khivsara(Chairman)	Independent, Non-Executive	2	2
Dr R T Ravi	Non-Independent, Non-Executive	2	2
G V L Prasad	Independent, Non-Executive	2	2
Mrs.Tangirala Malati	Independent, Non-Executive	2	2

Two(2) nomination and remuneration committee meetings were held during the year on 30th July 2018 and 12th February 2019.

iv. The company doesn't have any employee stock option scheme.

v. The performance evaluation criteria for independent directors is determined by the nomination and remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders and independence of behaviour and judgment.

vi. Remuneration policy in the company is designed to create a high performance culture. It enables the company to attract and retain the employees and motivating them to achieve results.

vii. During the year 2018-19, the Company paid sitting fees of Rs. 10,000 per board meeting to its non-executive directors to attend the meeting and Rs. 10,000 for audit committee meeting and Rs. 5000 for stakeholders' relationship committee and nomination and remuneration committee meetings respectively. The company also reimburses out of pocket expenses and travel expenses incurred by the directors to attend the meetings.

viii. Details of remuneration for the year ended 31st March 2019

a) Non-Executive Directors

Name	Sitting Fees (Rs. In lacs)
Dr R T Ravi	0.75
G V L Prasad	1.25
Mrs Tangirala Malati	1.2
Satish Khivsara	1.35
Manish Jain	0.60
E J Babu	0.60
Raj Kamal Prasad Verma	0.70

b) Executive Director

Name	Remuneration (Rs. In lakhs)	
Avinash Ravi (Managing Director)	42.22	

The above figures do not include provisions for encashable leave, and other perquisites.

VI. General Body Meetings

i. General Meeting

a. Annual General Meeting

Financial Year	Date	Time	Venue
2015-16 (year ended 31st March 2016)	29.09.2016	03:30PM	SR Gardens, Kothapalli (V), Kasimkota, Anakapalli, Vishakapatnam, Andhra Pradesh-531031
2016-17 (year ended 31st March 2016)	26.09.2017	11:50AM	SR Gardens, Kothapalli (V), Kasimkota, Anakapalli, Vishakapatnam, Andhra Pradesh-531031
2017-18 (Year ended 31st March 2018)	10.09.2018	11:00 AM	Sarojini Villa, Kothapalli (V), Kasimkota, Anakapalli, Vishakapatnam, Andhra Pradesh-531031

b. Special Resolutions passed:

- No Special resolutions were passed at the 24th Annual General Meeting held on 29th September 2016.
- At the 25th Annual General Meeting held on 26th September 2017 the following special resolution was passed:
 - Approval for the company to enter into related party transactions with Ipca Laboratories Limited.
- At the 26th Annual General Meeting held on 10th September 2018, the following Special Resolution was passed:
 - Re-appointment of Mr. Avinash Ravi as Managing Director of the Company for a period of three (3) years.

ii. Postal Ballot

No postal ballot was conducted during the year.

VII. Other Disclosures:

i. Related Party Transactions:

All material transactions entered with the related parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year are at arm's length basis. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the company's website at the following link: <http://krebsbiochem.com/documents/5aee5e0699e319c98babbbeab46a15557.pdf>

- ii. Details of non-compliance by the Company, penalties, strictures imposed on the company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years :

During the period under review, BSE Limited has imposed a penalty of Rs.3,30,143/- for delay in filing quarterly submissions. The quarterly submissions relate to the financial year 2013 – 14 and 2014 – 15 and are covered under the provisions of erstwhile Listing Agreement

- iii. The Disclosures of the Compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed company	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and Senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to(i)	Website	Yes

iv. Whistle Blower Policy

The Company has adopted a whistle blower policy and has established necessary vigil mechanism as defined under Regulation 22 of listing regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of Audit Committee. The said policy has been put up in the website of the company at the following link. <http://krebsbiochem.com/documents/c9dabd1a574888fd6b35cf450fd7c043.pdf>

- v. The company has also adopted policy on determination of materiality for disclosures (<http://krebsbiochem.com/documents/9b534717af6b5110482aac3910ed6f90.pdf>) and policy for preservation of documents.

vi. Reconciliation of share capital audit:

A qualified practicing company secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital.

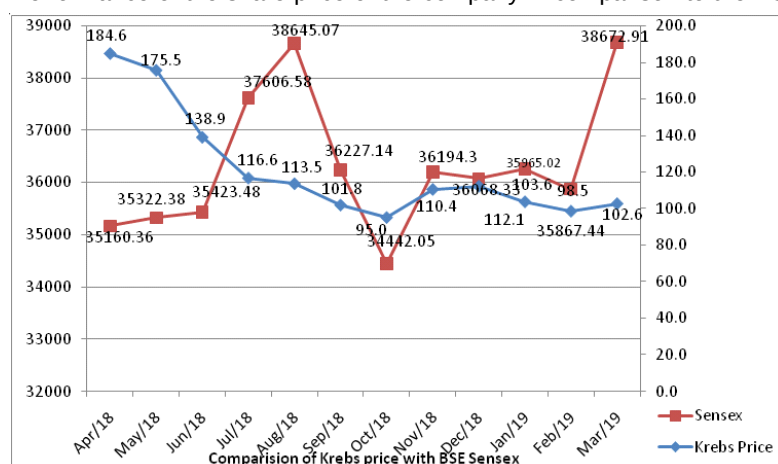
- vii. **Preservation of documents policy**
The Company has formulated Policy on Preservation of Documents as required under Regulation 9 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy provides for preservation of documents where preservation shall be of permanent nature and documents with preservation period of not less than 8 years. The policy can be accessed in the following link <http://krebsbiochem.com/documents/afb33a83fcb7ff4360986c54c84dcc47.pdf>
- viii. **Policy on disclosure of material events/information**
The company has formulated policy for determination of materiality of events of information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which could affect the investment decisions and to ensure timely and adequate dissemination of information to the Stock Exchanges.
The policy can be accessed in the following link <http://krebsbiochem.com/documents/9b534717afb6b5110482aac3910ed6f90.pdf>
- ix. **Disclosure of commodity price risks and commodity hedging activities**
The Company is into manufacture of Active Pharma Ingredients. Since the Company doesn't consume large quantities of commodities in its manufacturing activities, the company is not materially exposed to commodity price risks not does the Company do any commodity hedging.
- x. **Certificate from Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**
The Company has obtained a certificate in this regard from a Company Secretary in Practise is enclosed to thid report.
- xi. **Total fees for all services paid by the company, on a consolidated basis, to the Statutory Auditor.**
The fees paid by the company to its statutory auditors are stated in the Audited Financial Statements which are part of the Annual Report.
- xii. **Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**
No sexual harassment complaints were received during the year under review.
- xiii. **Non-compliance of any requirement of Corporate Governance Report with reasons thereof.**
None.
- xiv. **Code of Conduct**
The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year ended 31st March 2019. The annual report of the company contains a certificate by the managing director in terms of the Listing Regulations on the compliance declarations received from Independent Directors, Non-executive directors and senior management.
- xv. **Means of Communication**
The quarterly, half-yearly and annual results of the company are published in newspapers which include Financial Express and Praja Sakti. The results are also displayed on the company's website "www.krebsbiochem.com". A management discussion and analysis report is a part of the annual report.
- xvi. **General Shareholder Information**
- i. **Annual General Meeting for FY 2018-19**
Date : 25th September 2019
Time : 11:00 AM
Venue : Registered Office
As required under Regulation 36(3) of listing regulations, particulars of directors seeking appointment at the forthcoming AGM are given herein in the annexure to the notice of the AGM to be held on Wednesday, 25th September 2019 at 11:00 AM.
- ii. **Financial Calendar** : 1st April to 31st March
AGM in : September
- iii. **Date of Book Closure** : As mentioned in the notice to AGM to be held on 25th September 2019
- iv. **Listing on Stock Exchanges** : BSE Limited ("BSE")
P J Towers, Dalal Street, Fort, Mumbai- 400001.
Stock code: 524518
National Stock Exchange of India Limited ("NSE")
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.
Stock Code: KREBSBIO
The listing fees as applicable have been paid to both the exchanges.
- v. **Corporate Identity Number (CIN) of the Company**
: L24110AP1991PLC103912

vi. Market price data

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2018-19 in BSE & NSE

Month	BSE		NSE		No. of shares traded	
	High (Rs.)	Low(Rs.)	High (Rs.)	Low(Rs.)	BSE	NSE
April-2017	110.40	85.00	102.50	82.10	8981	71442
April-2018	198.00	167.4	199.95	160.50	17058	20879
May 2018	200.00	145.3	198.00	141.10	34357	58652
June 2018	157.70	110.00	148.00	122.70	13591	24501
July 2018	122.00	110.00	126.00	108.50	9679	38904
August 2018	121.75	102.40	118.40	103.40	23621	28279
September 2018	117.95	89.00	120.90	87.55	21809	154944
October 2018	111.95	90.00	117.90	87.00	7536	20919
November 2018	134.7	94.10	133.70	90.50	47269	50240
December 2018	127.00	100.00	121.90	102.00	5277	24137
January 2019	130.95	94.00	135.00	91.30	42290	62812
February 2019	108.00	85.10	104.00	82.00	10684	28130
March 2019	122.8	87.25	117.00	85.55	14266	89883

vii. Performance of the share price of the company in comparison to the BSE Sensex



viii. Registrars and Share Transfer Agents

Name and Address : Karvy Computershare Private Limited
Plot No. 31 & 32, Karvy Selenium Tower B,
Financial District, Nanakramguda,
Gachibowli, Hyderabad- 500032.

Telephone : 040-67161505

Fax : 040-67161500

E-mail : einward.ris@karvy.com

Website : www.karvycomputershare.com

ix. Share Transfer System:

96.04% of the equity shares of the company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the company. As regards transfer of shares held in physical form the transfer of shares can be lodged with Karvy Computershare Private Limited at the above mentioned address.

Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt of the complete documents which are in order in all respects. The directors and certain company officials, under the authority of the Stakeholders Relationship Committee and the Board, severally approve the transfers and noted in the subsequent board meetings.

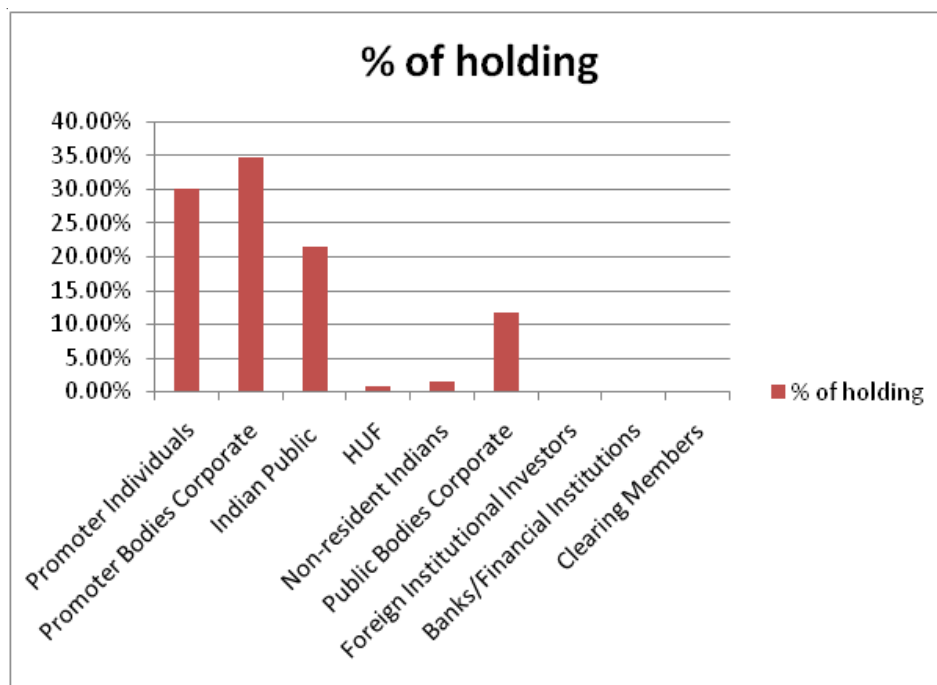
x. Shareholding as on 31st March 2019:

A. Distribution of shareholding as on 31st March 2019

Category (Amount)	No. of cases	% of cases	Total shares	Amount	% of amount
1-5000	4537	87.52%	570302	5703020.00	3.43%
5001-10000	281	5.42%	221189	2211890.00	1.33%
10001-20000	172	3.32%	242274	2422740.00	1.46%
20001-30000	55	1.06%	137755	1377550.00	0.83%
30001-40000	18	0.35%	63675	636750.00	0.38%
40001-50000	26	0.50%	122438	1224380.00	0.74%
50001-100000	38	0.73%	271919	2719190.00	1.64%
100001 & above	57	1.10%	15001034	150010340.00	90.20%
Grand Total	5184	100%	16630586	166305860.00	100%

B. Categories of equity shareholders as on 31st March 2019:

Category	No. of equity shares held	% of holding
Promoter Individuals	4978230	29.93%
Promoter Bodies Corporate	5775195	34.73%
Indian Public	3567670	21.45%
HUF	112680	0.68%
Non-resident Indians	244609	1.48%
Public Bodies Corporate	1944512	11.69%
Foreign Institutional Investors	1300	0.01%
Banks/Financial Institutions	522	0.00%
Clearing Members	5504	0.03%
NBFC	364	0.00%
Total	16630586	100%



C. Top ten equity shareholders of the company as on 31st March 2019:

S.No	Name of the equity shareholder	No. of equity shares held	% of holding
1.	Ipca Laboratories Limited	5775195	34.73%
2.	Hemalata Ravi	2691524	16.18%
3.	Avinash Ravi	2140272	12.87%
4.	Sun Pharmaceutical Industries Limited	1050000	6.31%
5.	Pinky Ventures Private Limited	599000	3.60%
6.	K Satish	443067	2.66%
7.	Shaaaji Palliyath	200000	1.20%
8.	K Swapna	156653	0.94%
9.	Gandhi Kantheti	152585	0.92%
10.	Edelweiss Asset Reconstruction Company Limited	150000	0.90%

xi. Dematerialisation of shares and liquidity:

The company's shares are compulsorily traded in dematerialised form on BSE. Equity shares of the company representing 96.04% of the company's equity share capital are dematerialised as on 31st March 2019.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the company is INE268B01013.

xii. Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued any GDRs/ADRs in the past and there are no outstanding GDRs/ADRs/Warrants or any convertible instruments which are likely to impact the equity.

xiii. Plant Locations:

Your Company is operating from its two manufacturing units situated at:

Unit I:

Regadichelika (Village), Kodavalur (Mandal), Nellore (District), Andhra Pradesh- 524316.

Unit II:

Kothapalli (Village), Kasimkota (Mandal), Anakapalli, Vishakapatnam (District), Andhra Pradesh- 531031.

Email- marketing@krebsbiochem.com

xiv. Address for correspondence:

Registered Office:

Krebs Biochemicals & Industries Limited
Kothapalli (Village), Kasimkota (Mandal),
Anakapalli, Vishakapatnam (District),
Andhra Pradesh- 531031.

Corporate Office:

Krebs Biochemicals & Industries Limited
Plot No. 34, 8-2-577/B, 3rd Floor, Maas Heights,
Road No.8, Banjara Hills, Hyderabad, Telangana-500034.
Phone: 040-66808040

Designated email id for investor services:
investors@krebsbiochem.com

Website: www.krebsbiochem.com

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND
SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Senior Management Personnel. In addition, the Company has adopted a Code of Conduct for its Non-executive Directors and Independent Directors. These codes are available on the Company's website.

I confirm that the Company has in respect of the year ended 31st March 2019, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary.

Sd/-

**Avinash Ravi
Managing Director
(DIN-01616152)**

Place: Hyderabad

Date: 20.05.2019

MANAGING DIRECTOR AND CFO CERTIFICATION

To the members of
Krebs Biochemicals & Industries Limited

I, Avinash Ravi, Managing Director and CA Phani Srinath.S, Chief Financial Officer of the Company herewith certify that:

- a) We have reviewed the audited financial results and the cash flow statements for the quarter and year ended 31st March 2019 and that to the best of my knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and audit committee, that there are no deficiencies in the design or operation of such internal controls, of which we are aware.
- d) We have indicated to the Auditors and Audit Committee :
 - 1) There are no significant changes in the internal control over financial reporting during the year;
 - 2) There are no significant changes in the accounting policies during the year other than the adoption of Indian Accounting Standards; and
 - 3) That there are no instances of significant fraud and the involvement therein of the management or an employee of the company having a significant role on the company's internal control system over financial reporting.

Sd/-

Avinash Ravi
Managing Director
(DIN-01616152)

Sd/-

S. Phani Srinath
CFO

Place: Hyderabad

Date: 20.05.2019

INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE

To the members of
Krebs Biochemicals & Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Krebs Biochemicals & Industries Limited ("the Company"), for the year ended on 31st March, 2019, as stipulated in:
 - Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except sub-regulation 4 of Regulation 23 of the said regulations for the financial year 2018-19.
 - Regulations 17 to 27 (excluding 23(4)) and clauses (b) to (i) of regulation 46 (2) and Paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) for the financial year 2018-19.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. We have examined the relevant records of the company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C,D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31st March 2019.
5. We state that such compliance is neither an assurance as to the future viability of the Company of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Pavuluri & Co.,
Chartered Accountants
(Firm Registration No. 012194S)**

**Sd/-
N. Rajesh
Partner
(M. No.223169)**

Place: Hyderabad

Date:20.05.2019

Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

There were no shares held in the Demat Suspense Account/Unclaimed Suspense Account.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
KREBS BIOCHEMICALS AND INDUSTRIES LIMITED
Kothapalli Village, Kasimkota Mandal,
Anakapalle- 531031
Visakhapatnam, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KREBS BIOCHEMICALS AND INDUSTRIES LIMITED having CIN L24110AP1991PLC103912) and having registered office at Kothapalli Village, Kasimkota Mandal, Anakapalle- 531031, Visakhapatnam, India (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on

the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DSMR & Associates

Company Secretaries

Sd/-

D S M Ram

C. P. No. 4239

Proprietor

Place: Hyderabad

Date : 09-08-2019

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

Global:

Pharmaceutical Industry worldwide is decelerated in the mid 2018 due to increased tariffs and trade tensions between the US and China.

As per the World Economic Report released by IMF in April 2019, global growth is projected to slow from 3.6% in 2018 to 3.3% in 2019. Manufacturing companies are confronted with enormous challenges due to high market growth, changing regulations and progressing digitization.

New technology absorption and implementation and robust quality systems will increasingly differentiate. Higher investment requirements for quality and regulatory standards compliance along with gestation periods will be an entry barrier of small companies and significant hurdle for medium sized companies. Consolidation and strategic partnerships will result from such a landscape.

Indian Pharma Sector:

The Indian pharma industry has an important position in the global pharmaceutical industry. It is expected to expand at a CAGR of 22.4% over a period from 2015-2020 to reach USD 55 Billion. India's pharma exports have reached USD 19.14 Billion in 2018-2019.

It is expected that Indian Pharma Industry likely to grow by 11% to USD 41.9 Billion in FY 2019-20. Medicine spending in India is expected to grow 9-12% over the next five years leading India to become one of the top 10 countries in terms of medicine spending.

(Source: IBEF)

Strengths & Opportunities:

The strategy of building skillsets and infrastructure in niche areas of fermentation, bio catalysis and chemistry allows the company to pursue products, groups and partners in the niche segment.

Access to Ipca marketing reach and also ability to leverage the forward integration possible with their finished dosage capabilities will allow for an exciting opportunity. Smaller operation size allows for certain nimbleness in exploiting market opportunities.

Risks, Concerns & Threats:

The long gestation periods required to realise commercial sales can put pressure on the balance sheet. With the strong partner this is reasonable mitigated in our case.

Quality and regulatory knowledge building in the Company is a slow and difficult process essential for long term success of the Company. A comprehensive plan is being put in place to achieve this.

Alignment of interests of the partner along with the company is of paramount interest. An open and transparent relationship is being cultivated to achieve this.

Company infrastructure:

Krebs, having its Registered Office at Kothapalli (V), Anakapalli, Vishakapatnam, Andhra Pradesh and corporate office at Hyderabad, has two multi-purpose manufacturing facilities, Unit – I in Nellore and Unit – II in Anakapalli (Vizag) with all support infrastructures like Utilities, environment management and safety systems.

Performance of the company:

During the year under review your company recorded total income of Rs. 4808.86 lakhs compared to Rs.3398.52 lakhs in the previous financial year 2017-18.

Internal Control Systems and their adequacy:

The Company has in place adequate internal control systems, which commensurate with its size, nature of business and complexity of its operations and are designed to provide a reasonable degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguard for assets, internal control over financial reporting, and compliance with applicable laws and regulations. Internal audit function evaluates the adequacy of and compliance with policies, plans, regulatory and statutory requirements.

The Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. It also evaluates and suggests improvement in effectiveness of risk management, controls and governance process. The Audit committee and Board provides necessary oversight and directions to the Internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Discussion on Financial Performance with respect to Operational Performance:

The Financial statements are prepared under the Historical Cost Convention in accordance with Indian Accounting Standards and the Provisions of the Company's Act, 2013 and other standards issued by the Institute of Chartered Accountants of India. All Incomes and Expenditure having a material bearing on the financial statements are recognized on accrual basis. The management accepts responsibility for the integrity and other objectivity of these financial statements as well as various estimates and judgments used therein

Capital:

The Authorized Share Capital of the company is Rs. 20.00 crores divided in to 2,00,00,00,0 (Two Crore) equity shares of Rs.10.00 each of which issued, subscribed and paid up capital is Rs.16.63 crores divided in to 1,66,30,586 Equity shares of Rs.10/- each. There is no other class of shares.

Other Equity

The other equity of the company were reported at Rs. (3091.97) Lakhs as against Rs. (3152.35) lakhs during the year.

Secured Loans:

The secured loan with Edelweiss Asset Reconstruction Company Limited has been reduced by Rs. 400.00 lakhs, as the instalments have been paid as per the agreement entered.

As on 31st March, 2019, the Secured loan stood at Rs. 191.70 lakhs compared to Rs. 600.00 lakhs during the previous year.

Investments:

No investments were undertaken during the year under review.

Inventories:

The value of inventories stood at 896.37 Lakhs as at the end of the period i.e as on 31st March, 2019. The raw materials, stores and spares are valued at "AT COST" and related inward transport and handling charges. Work in progress is valued at cost incurred up to the stage of manufacturing. Cost of finished goods includes all direct costs and an appropriate portion of overheads as per accepted principles of accounting.

Sundry Debtors:

During the year under review, the recovery from the debtors was continuous in spite of no material change in the turnover and the same was reflected as increase to Rs. 291.09 Lakhs during the period ended 31st March 2019 from Rs. 32.48 lakhs as on 31st March 2018. Sundry debtors outstanding for more than six months as on the balance sheet date were accumulated over a period and the recovery action was initiated.

Fixed Assets:

The net additions made during the year under review, amounted to Rs.433.91 Lakhs respectively, which takes the total gross block to Rs.23, 159.22 Lakhs as on 31st March, 2019 as against Rs.22,725.33 Lakhs as on 31st March, 2018.

Depreciation:

The Company has been calculating depreciation on straight line method at the rates specified in Schedule II of the Companies Act, 2013 amounting to Rs.418.43 lakhs as on 31st March, 2019 as against Rs. 394.86 Lakhs as on 31st March, 2018 based on the useful life of the assets as per Schedule II of the Companies Act, 2013 and applicable accounting standards.

Raw Material:

The supply position of raw material throughout the year was smooth and comfortable. There was no interruption or stoppage of production due to shortage or non-availability of raw materials. The Company always maintains a minimum stock as required for production through efficient budgetary planning of production.

Finance Charges:

The finance charges during the year amounted to 623.80 Lakhs as against Rs.516.52 Lakhs during the previous year during which the interest was paid towards the Inter-corporate Deposit and other statutory payments.

Dividend:

In view of the accumulated losses no provision is made for dividend.

Material developments in Human Resources:

The Company very well recognizes the importance of the employee work force and provides excellent growth opportunities, training and development and competitive compensation packages to attract and retain with the Company the best talents available in the industry and will continue to do so upon revival of operations.

Safety and Environment:

The operations of the company's plants are in conformity with good industrial safety practices. Regular Hazards and Risks Analysis were conducted at both the plants as part of the on-going Safety Policy. The management takes into consideration the welfare of the employees and also effect on the surrounding community at large. Norms and Standards for effluents treatment and disposal are prescribed by the Pollution Control Board and are complied with.

Cautionary Statement

In addition to historical information, this annual report contains certain "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, global and Indian demand supply conditions, increased installed capacity by competitors, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in government regulations, tax regimes, besides other factors, such as litigations and labour negotiations.

The estimates and expectations are based on the historical facts and perception of future possibility as envisaged by the management. As known to everyone, the entire business environment is never static. Unexpected changes and unforeseen developments are not rare. The global trend is now prevalent and any incidents in the world market will have an effect on the operations of your company. While taking all precautions to be realistic and practical in making presumptions for the future, the management would like to advise that the statements may be read in proper perspective depending upon such developments and their possible effect on the Company's operations and activities.

**For and on behalf of the Board of
Krebs Biochemicals and Industries Limited**

**Sd/-
Avinash Ravi
Managing Director**

Place: Hyderabad

Date: 09.08.2019

INDEPENDENT AUDITOR'S REPORT

To the members of,

M/s. KREBS BIOCHEMICALS & INDUSTRIES LIMITED,

Report on the Audit of Financial Statements:

Opinion

We have audited the accompanying financial statements of **M/s. KREBS BIOCHEMICALS & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as on 31st March, 2019, and the Statement of Profit and Loss (including other Comprehensive Income), statement of changes in equity and statement of cash flows for the year ended 31st March, 2019 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below as key audit matters to be communicated in our report.

Sr No	Key Audit Matter	Auditor's Response
1	Income Tax : The company has uncertain tax position including matters under dispute which involve significant judgment relating to the possible outcome of these disputes in estimation of the provision of income tax. In view of this, the area has been considered as a Key Audit Matter.	Our audit procedures include obtaining details of completed tax assessments and outstanding demands as at the year ended March 31, 2019 from management. We have discussed these matters with the management regarding estimates used to ascertain the tax provision of disputed cases. We have also considered legal precedence and other rulings in evaluating management's position on these disputed cases.
2	Revenue Recognition Revenue is recognized to the extent that economic benefit will flow to the Company and the revenue can be reliably measured. It is measured at fair value consideration received or receivable, net of returns and allowances, discounts and rebates. The Company recognizes revenue when it satisfies its performance obligation by transferring the goods to the customers. Revenue is key driver of the business and judgment is involved in determining when contractual obligations have been performed and to the extent that the right to consideration has been earned. The management of the Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards have been transferred. We therefore identified Revenue Recognition as a significant risk and key audit matter.	Our audit work included, but was not restricted to: • We understood business revenue recognition policy and how they are applied, including the relevant controls, and tested controls over revenue recognition; • Analytical review of the revenue recognized over the year • Agreeing on a sample basis amounts of revenue to customer contracts and verifying the extent, timing and customer acceptance of goods, where relevant. • We performed cut-off testing for a sample of revenue transactions around the period end date, to check that they were recognized in the appropriate period; • We discussed key contractual arrangements with management and obtained relevant documentation, including in respect of rebate and returns arrangements. • The Company's accounting policy on Revenue recognition is shown in note 2.5 to the financial statements and related disclosures are included in notes. • Based on our audit procedures we did not identify any evidence of material misstatement in the revenue recognized for the year ended 31st March 2019 in the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Financial Performance Highlights, Directors' Report including Annexures to Directors' Report, but does not include the standalone financial statements and our auditor's report thereon.

The other information as stated above not made available to us as of the date of signing of this report and is expected to be made available to us after the date of this statutory auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when made available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on

record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For PAVULURI & Co.
Chartered Accountants
Firm Reg. No:012194S
Sd/-
(CA N. RAJESH)
PARTNER
M.No : 223169

Place : Hyderabad
Date : 20/05/2019

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with

the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities though there has been slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- (c) According to the information and explanations given to us, the following are disputed dues relating to Income Tax, Central Excise and Service Tax which have not been deposited with the appropriate authorities on account of any dispute.

Name of the Statute	Nature of the Dispute	Amount (Rs)	Period to which the amounts relate	Forum where the dispute is pending and amount deposited
Central Excise Act, 1944	Excise Duty	1,12,74,000	FY 2008-2009	Central Excise and Service Tax Appellate Tribunal, Hyderabad.
Income Tax Act, 1961	Income tax	3,58,44,000	From AY 02-03 to AY 04-05 and AY 13-14 AY 14-15 AND 16-17	FROM AY-02-03 TO AY 04-05 AP and Telangana High Court AY 13-14, ITAT HYDERABAD AY 14-15 AND 16-17, CIT(A), HYDERABAD

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- 9) Based upon the audit procedures performed and the information and explanations given by the management. The company has made right issue of 28,86,300 number of equity shares of Rs 10 each with a premium of Rs.76/ each. The amounts were applied to the same purpose for which it is raised.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by

its officers or employees has been noticed or reported during the year.

- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

- 13) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting Standard.
- 14) The Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review and hence the clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly,

the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For PAVULURI & Co.
Chartered Accountants
Firm Reg. No:012194S
Sd/-
(CA N. RAJESH)
PARTNER
M.No : 223169

Place : Hyderabad
Date : 20/05/2019

**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of
KREBS BIOCHEMICALS & INDUSTRIES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of KREBS BIOCHEMICALS & INDUSTRIES LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For PAVULURI & Co.
Chartered Accountants
Firm Reg. No:012194S**

**Sd/-
(CA N. RAJESH)
PARTNER
M.No : 223169**

**Place : Hyderabad
Date : 20/05/2019**



KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lacs)

PARTICULARS	Note No	As at 31.03.2019 Audited	As at 31.03.2018 Audited
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3	9,908.46	9,892.99
(b) Capital Work in Progress	3	163.45	218.94
(c) Other Intangible Assets	4	218.29	184.04
(d) Intangible assets under development	5	184.71	154.53
(e) Financial Assets	6	145.34	109.90
(f) Other Non Current Assets	7	518.58	303.33
Total Non Current Assets		11,138.83	10,863.73
Current Assets			
(a) Inventories	9	896.37	1,172.84
(b) Financial Assets			
(i) Trade Receivables	10	291.09	32.48
(ii) Cash & Cash Equivalents	11	1,731.89	41.84
(iii) Other Financial Assets	6	49.42	33.51
(c) Other Current Assets	8	128.90	443.19
Total Current Assets		3,097.67	1,723.86
Total Assets		14,236.50	12,587.59
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	1,663.06	1,374.43
(b) Other Equity	13	(3,091.97)	(3,152.35)
Total Equity		(1,428.91)	(1,777.92)
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Long Term Borrowings	14	5,022.71	5,166.17
(ii) Other Financial Liabilities	15	350.47	269.81
(b) Provisions	16	227.40	220.79
(c) Retirement benefit obligations	17	176.89	147.53
(d) Other Non Current Liabilities	18	4,401.79	4,333.04
Total Non Current Liabilities		10,179.26	10,137.35
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables	19		
(a) Total outstanding dues of micro and small enterprises		321.79	-
(b) Total outstanding dues of creditors other than micro and small enterprises		1,824.49	1,776.00
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	20	3,197.23	2,326.71
(c) Provisions	16	65.59	52.95
(d) Retirement benefit obligations	17	77.04	72.49
Total Current Liabilities		5,486.15	4,228.15
Total Equity and Liabilities		14,236.50	12,587.59

Statement of significant accounting policies and other explanatory notes form part of the statement of assets and liabilities and statement of profit and loss.

For PAVULURI & CO
Chartered Accountants
Firm's Reg No : 012194S

Sd/-
CA N.Rajesh
Partner
M.NO.223169

Place : Hyderabad
Date : 20.05.2019

for and on behalf of the Board of Directors

Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977

Sd/-
HARITHA VARANASI
Company Secretary

Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152

Sd/-
CA PHANI SRINATH.S
C F O

KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2019

(Rs in Lacs)

PARTICULARS	Note No	Year ended 31.03.2019	Year ended 31.03.2018
I Revenue From Operations	21	3,713.27	2,538.24
II Other Operating Income	22	1,062.53	839.67
III Other Income	23	33.06	20.61
IV Total Income (I+II+III)		4,808.86	3,398.52
V Expenses			
Cost of Materials Consumed	24	2,099.43	1,712.36
Changes in Inventories of Finished Goods and Work-In-Progress	25	210.93	(441.83)
Employee Benefits Expenses	26	1,493.70	1,201.05
Finance Costs	27	623.80	516.52
Depreciation and Amortization Expenses	3&4	440.23	414.97
Other Manufacturing Expenses	28	1,579.60	1,320.57
Other Expenses	29	373.41	335.94
Total Expenses (V)		6,821.10	5,059.58
VI Profit/ (Loss) Before Exceptional Items and Tax (I-V)		(2,012.24)	(1,661.06)
VII Exceptional Items			
Depletion in the Value of Inventory		-	(95.35)
Amount Written Back / (Off)		11.09	(0.89)
Prior Period (Expenditure) / Income		-	(40.03)
Profit on sale of Fixed Assets		-	14.83
Total Exceptional items (VII)		11.09	(121.43)
VIII Profit/ (Loss) Before Tax (VI-VII)		(2,001.15)	(1,782.49)
IX Tax Expense:			
(1) Current Tax			-
(2) Deferred Tax			-
X Profit/ (Loss) for the Period From Continuing Operations (VIII-IX)		(2,001.15)	(1,782.49)
XI Profit/ (Loss) from Discontinued Operations			-
XII Tax Expense of Discontinued Operations			-
XIII "Profit/ (Loss) from Discontinued Operations "(After Tax) (XI-XII)"			-
XIV Profit/(Loss) for The Period (IX+XIII)		(2,001.15)	(1,782.49)
XV Other Comprehensive Income			
A. (i) Items That Will Not Be Reclassified to Profit or Loss		0.20	(33.24)
(ii) Income Tax Relating to Items That Will Not Be Reclassified to Profit or Loss			
B. (i) Items That Will Be Reclassified to Profit or Loss		(132.26)	(109.88)
(ii) Income Tax Relating to Items That Will Be Reclassified to Profit or Loss			
Other Comprehensive Income for the year		(132.06)	(143.12)
XVI Total Comprehensive Income For The Period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income For The Period)		(2,133.22)	(1,925.61)
XVII Earning per Equity Share (For Continuing Operation):			
(1) Basic		(12.83)	(14.01)
(2) Diluted		(15.46)	(14.01)

Statement of significant accounting policies and other explanatory notes form part of the statement of assets and liabilities and statement of profit and loss.

For PAVULURI & CO
Chartered Accountants
Firm's Reg No : 012194S

Sd/-
CA N.Rajesh
Partner
M.NO.223169

Place : Hyderabad
Date : 20.05.2019

for and on behalf of the Board of Directors

Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977

Sd/-
HARITHA VARANASI
Company Secretary

Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152

Sd/-
CA PHANI SRINATH.S
C F O



KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019

(Rs in Lacs)

PARTICULARS	Year ended 31.03.2019	Year ended 31.03.2018
Cash Flow from Operating Activities		
Net Profit before tax and exceptional items	(2,012.24)	(1,661.06)
Adjustments for:		
Depreciation and Amortisation Expenses	440.23	414.97
Financial Charges	623.80	516.52
Exceptional Items	11.09	(121.43)
Other Income	(33.06)	(20.61)
Other Comprehensive Income	(132.06)	(143.12)
Operating Profit before Working Capital Changes	1,102.24	(1,014.73)
Changes in Working Capital		
(Increase)/Decrease in Inventories	276.47	(627.35)
(Increase)/Decrease in Trade Receivables	(258.61)	126.35
(Increase)/Decrease in Other Financial Assets	(15.91)	137.71
(Increase)/Decrease in Other Current Assets	314.28	(33.12)
(Increase)/Decrease in Financial Assets	(35.44)	(44.46)
(Increase)/Decrease in Other Non Current Assets	(215.25)	(25.95)
Increase/(Decrease) in Non Current Provisions	6.61	44.22
Increase/(Decrease) in Retirement Benefit obligations	29.36	41.78
Increase/(Decrease) in Current Provisions	12.63	22.29
Increase/(Decrease) in Retirement Benefit obligations	4.55	16.36
Increase/(Decrease) in Trade Payables	370.29	676.70
Increase/(Decrease) in Other Current Liabilities	870.51	577.94
Cash generated from Operations	1,359.50	912.47
Financial Charges	(623.80)	(516.52)
Net Cash Flow from Operating Activities	(366.54)	(618.77)
(Increase)/Decrease of Property, Plant & Equipment	(433.89)	(430.50)
(Increase)/Decrease of Capital Work-in-Progress	55.49	131.37
(Increase)/Decrease of Other Intangible Assets	(56.04)	(204.15)
(Increase)/Decrease of Intangible assets under development	(30.18)	205.35
Other Income	33.06	20.61
Cash Flow from Investing Activities	(431.56)	(277.32)
Increase/(Decrease) in long term borrowings	(143.46)	887.43
Increase/(Decrease) in Share Capital	288.63	-
Increase/(Decrease) in Share Premium	2,193.59	-
Increase/(Decrease) in Other Financial Liabilities	80.66	33.03
Increase/(Decrease) in Other Non Current Liabilities	68.74	5.77
Cash Flow from Financing Activities	2,488.15	926.23
Net Increase (Decrease) in Cash and Cash equivalents	1,690.05	30.13
Cash and Cash equivalents as at the beginning of the year	41.84	11.71
Cash and Cash equivalents at the end of the year	1,731.89	41.84

As per our report of even date attached

For PAVULURI & CO
Chartered Accountants
Firm's Reg No : 012194S

Sd/-
CA N.Rajesh
Partner
M.NO.223169

Place : Hyderabad
Date : 20.05.2019

for and on behalf of the Board of Directors

Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977

Sd/-
HARITHA VARANASI
Company Secretary

Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152

Sd/-
CA PHANI SRINATH.S
C F O

Statement of Changes in Equity

Movements in Equity Share Capital

(Rs. in Lacs)

	No. of Shares	Equity Share Capital (Rs)
As at 01.04.2017	137.44	1,374.43
Warrants Converted	-	-
As at 31.03.2018	137.44	1,374.43
Rights Issue	28.86	288.63
As at 31.03.2019	166.30	1,663.06

Other Equity

(Rs. in Lacs)

	Reserves & Surplus									Other Reserves				
	Equity Component of Compound Financial Instruments	Share Application Money pending Allotment	Money Received against Share Warrants	Securities Premium Reserve	Retained Earnings	State Subsidy	IND AS Conversion Reserves	Debenture Redemption Reserve	Share Options Outstanding Amount	FVOCI - Equity Instruments	Cash Flow Hedging Reserves	Costs of hedging Reserves	Foreign Currency Translation Reserve	Total Other Equity
Balance as at 01.04.2018	-	-	-	5,861.37	(7,947.40)	39.38	(1,105.70)	-	-	-	-	-	-	(3,152.35)
Profit for the year	-	-	-	-	(2,001.15)	-	-	-	-	-	-	-	-	(2,001.15)
Other Comprehensive Income	-	-	-	-	(132.06)	-	-	-	-	-	-	-	-	(132.06)
Total Comprehensive Income for the year	-	-	-	5,861.37	(10,080.60)	39.38	(1,105.70)	-	-	-	-	-	-	(5,285.55)
Received on Rights Issue	-	-	-	2,193.59	-	-	-	-	-	-	-	-	-	2,193.59
Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.03.2019	-	-	-	8,054.96	(10,080.60)	39.38	(1,105.70)	-	-	-	-	-	-	(3,091.97)

Other Equity

(Rs. in Lacs)

	Reserves & Surplus									Other Reserves				
	Equity Component of Compound Financial Instruments	Share Application Money pending Allotment	Money Received against Share Warrants	Securities Premium Reserve	Retained Earnings	State Subsidy	IND AS Conversion Reserves	Debenture Redemption Reserve	Share Options Outstanding Amount	FVOCI - Equity Instruments	Cash Flow Hedging Reserves	Costs of hedging Reserves	Foreign Currency Translation Reserve	Total Other Equity
Balance as at 01.04.2017	-	-	-	5,861.37	(6,021.79)	39.38	(1,105.70)	-	-	-	-	-	-	(1,226.74)
Profit for the year	-	-	-	-	(1,782.49)	-	-	-	-	-	-	-	-	(1,782.49)
Other Comprehensive Income	-	-	-	-	(143.12)	-	-	-	-	-	-	-	-	(143.12)
Total Comprehensive Income for the year	-	-	-	5,861.37	(7,947.40)	39.38	(1,105.70)	-	-	-	-	-	-	(3,152.35)
Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.03.2018	-	-	-	5,861.37	(7,947.40)	39.38	(1,105.70)	-	-	-	-	-	-	(3,152.35)

For PAVULURI & CO
Chartered Accountants
Firm's Reg No : 012194S

Sd/-
CA N.Rajesh
Partner
M.NO.223169

Place : Hyderabad
Date : 20.05.2019

for and on behalf of the Board of Directors
Sd/-

DR. R.T. RAVI
Chairman
DIN: 00272977

Sd/-
HARITHA VARANASI
Company Secretary

Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152

Sd/-
CA PHANI SRINATH.S
C F O

Significant accounting policies to the Financial Statements for the Year Ended 31st March, 2019

1 Corporate information

Krebs Biochemicals & Industries Ltd has been incorporated on 2nd December 1991. At present the company is engaged in the business of manufacture of active pharmaceutical ingredients. The company has two manufacturing facilities one at Regadichelaka, Nellore (Dist.) and another one at Kothapalli Village, Kasimkota Mandal, Visakhapatnam (Dist.), Andhra Pradesh, India.

Significant accounting policies

2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (Companies Indian Accounting Standard Rules, 2015) and other relevant provisions of the Act.

2.1 Historical Cost Convention

The financial statements have been prepared on the historical cost basis, except for Certain financial assets and liabilities that is measured at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions effect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

2.2 Current and non-current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when:

It is expected to be realised or intended to be sold or consumed in normal operating cycle or

It is held primarily for the purpose of trading or

It is expected to be realised within twelve months after the reporting period, or

It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle or

It is held primarily for the purpose of trading or

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.3 Inventories

a) Raw Materials, Work-In-Progress and Finished Goods are valued at lower of the cost or net realisable value. Cost of raw materials comprises cost of purchase. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

b) Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

c) The basis of determining the cost is

Raw Materials : Weighted average cost

Stores and spares : Weighted average cost

Work in process and finished goods : Material cost plus appropriate share of labour and related overheads

2.4 Property plant and equipment:

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. Estimated useful life of the assets are as follows:

Factory Buildings	30 years	Factory Equipment	20 years
Non Factory Buildings	60 years	Lab Equipment	20 years
Plant & Machinery-Pharma Division	20 years	R & D equipment	20 years
Plant & Machinery - Power Plant	40 years	Office Equipment	5 years
Boilers	20 years	Furniture & Fixtures	10 years
Electrical Installations	20 years	Vehicles	8 years
D G Sets	20 years	Computers	3 years
Effluent Treatment Plant	20 years	Fences, wells, tube wells	5 years

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Revenue recognition

Ind AS 115 recognises revenue on transfer of the Control of goods or services, either over a period of time or at a point in time, at an amount that the entity expects to be entitled in exchange for those goods or Services. The company has adopted Ind AS 115 for FY 2018-19 and recognised revenue accordingly.

2.6 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

2.7 Intangible fixed assets

Product development expenses that are directly attributable to development and testing of new products are recognised as intangible assets when the expenditure attributable to the product during its development can be reliably measured. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.8 Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.9 Interest Free Sales Tax Loan:

The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. The liability is measured at its fair value considering the discounting rate as 8% and is shown at its fair value in statement of assets and liabilities and the gain/(loss) is accounted as Other Comprehensive Income.

2.10 Foreign Exchange Transaction:

All the Foreign Exchange transactions entered into during the current financial year are accounted at the exchange rate prevailing on the date of documentation/invoicing. Foreign Exchange Fluctuation on transactions entered into during the current financial year and received/paid during the year are accounted in the current financial year. The outstanding foreign currency debtors are restated at the Foreign Currency Rates prevailing at the end of the year and the Foreign Exchange Fluctuation on the same is also recognised at the end of the year in conformity with Indian Accounting Standards and foreign currency debtors which are doubtful at the end of the year are not restated at the foreign currency rates prevailing at the end of the year.

2.11 Employee Benefits:

Contribution to "Defined Contribution Schemes" such as Provident Fund is charged to the profit and loss account as incurred. Provident Fund contribution is made to the Government Administered Provident Fund. Company has no further obligation beyond this contribution charged in financial statement.

Company also provides for Retirement Benefits in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.

Short term employee benefits including leave are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.13 Financial Assets & Financial Liabilities

Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholders and the weighted average number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Taxes on income

"Current Tax:" The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities."Deferred Tax : "Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. For items recognised in OCI or equity, deferred/ current tax is also recognised in OCI or equity. "MAT Credit" Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the Statement of Profit and Loss and corresponding debit is done to the Deferred Tax Asset as unused tax credit."

2.16 Impairment of assets

Assets subject to amortization/ depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

2.17 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.18 R & D Expenditure

Revenue expenditure on research and development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to property, plant & equipment/ intangible assets.

2.19 Dividends

Provision shall be made in the accounts for the dividends payable by the company as and when recommended by the Board of Directors, pending approval of the share holders at the Annual General Meeting.

2.20 Accounting Policies, change in Accounting Estimates and Errors

I Revenue Recognition:

Ind AS 115 recognises revenue on transfer of the control of goods or services, either over a period of time or at a point in time, at an amount that the entity expects to be entitled in exchange for those goods or services. In order to align with Ind AS 115, the Accounting policy on revenue recognition was reviewed and revised. The Said revision has nil impact on the financials of the company as the company was recognising and accounting revenue in line with the Ind AS 115.

II Ind AS issued and not yet effective:

Ind AS 116 Leases :

Ministry of Corporate Affairs has notified The Companies (Indian Accounting Standards) Amendment Rules, 2019 dated March 30, 2019 which inter alia includes the new standard on Leases Ind AS 116 replacing the existing standard Ind AS 17, to be effective from the 1st April 2019. The impact of the same is yet to be assessed. The Company is proposing to use the Modified Retrospective Approach for transitioning to Ind AS 116.

Note 3 : Property, Plant & Equipment

(Rs. in Lacs)

Particulars	Land	Wells	Buildings - Factory	Buildings - Non Factory	Plant & Machinery - Pharma Divisions	Plant & Machinery - Power Plant	Boilers	Electrical Insta llations	D.G.Set	Effluent Treatment Plant	Factory Equipment	Lab Equip ment	Research & Dev. Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work in Progress
Year Ended 31.03.2019																			
Gross Carrying Amount																			
Deemed Cost as on 01.04.2018	4,842.50	24.01	1,894.69	107.77	11,559.75	1,204.36	97.47	787.50	350.93	670.32	249.01	515.70	104.15	50.40	62.29	118.16	86.30	22,725.32	218.94
Additions	-	3.88	3.90	-	359.34	-	-	54.14	-	2.38	6.38	3.88	-	-	-	-	-	433.91	378.75
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	434.24
Closing Gross Carrying Amount	4,842.50	27.89	1,898.60	107.77	11,919.09	1,204.36	97.47	841.64	350.93	672.70	255.40	519.58	104.15	50.40	62.29	118.16	86.30	23,159.22	163.45
Accumulated Depreciation	-	-	856.18	27.58	8,583.84	919.76	97.47	550.23	346.11	602.86	141.36	331.84	94.12	47.64	48.82	111.03	73.49	12,832.34	-
Depreciation charge for the Year	-	4.73	66.13	1.77	273.16	8.97	-	26.85	0.54	5.93	6.91	12.50	1.46	0.57	1.56	1.27	6.11	418.43	-
Closing Accumulated Depreciation	-	4.73	922.31	29.35	8,857.01	928.72	97.47	577.09	346.65	608.79	148.26	344.35	95.58	48.22	50.38	112.29	79.60	13,250.76	-
Closing Net Carrying Amount	4,842.50	23.16	976.29	78.42	3,062.08	275.63	-	264.55	4.28	63.91	107.14	175.23	8.57	2.19	11.90	5.87	6.70	9,908.46	163.45
Year Ended 31.03.2018																			
Gross Carrying Amount																			
Deemed Cost as on 01.04.2017	4,842.50	24.01	1,795.59	107.77	11,307.11	1,204.36	97.47	756.07	350.93	670.32	226.20	507.69	104.15	50.12	58.23	118.16	74.15	22,294.82	350.31
Additions	-	-	99.10	-	252.64	-	-	31.44	-	-	22.81	8.01	-	0.28	4.06	-	12.15	430.49	298.75
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	430.12
Closing Gross Carrying Amount	4,842.50	24.01	1,894.69	107.77	11,559.75	1,204.36	97.47	787.50	350.93	670.32	249.01	515.70	104.15	50.40	62.29	118.16	86.30	22,725.32	218.94
Opening Accumulated Depreciation	-	-	791.17	25.81	8,319.63	910.79	97.47	525.34	345.58	596.97	135.28	319.73	92.67	47.09	47.50	109.76	72.71	12,437.49	-
Depreciation charge for the Year	-	-	65.01	1.77	264.22	8.97	-	24.89	0.54	5.89	6.08	12.11	1.46	0.55	1.33	1.27	0.78	394.86	-
Closing Accumulated Depreciation	-	-	856.18	27.58	8,583.84	919.76	97.47	550.23	346.11	602.86	141.36	331.84	94.12	47.64	48.82	111.03	73.49	12,832.35	-
Closing Net Carrying Amount	4,842.50	24.01	1,038.52	80.19	2,975.91	284.60	-	237.27	4.82	67.46	107.66	183.86	10.03	2.76	13.46	7.13	12.81	9,892.99	218.94

Note 4: Other Intangible Assets

(Rs in Lacs)

Particulars	Product Development Expenses
Year Ended 31.03.2019	
Gross Carrying Amount	-
Deemed Cost as on 01.04.2018	226.02
Additions	-
Capitalised during the year	56.04
Closing Gross Carrying Amount	282.07
Opening Accumulated Amortisation	41.98
Amortisation charge for the Year	21.80
Closing Accumulated Amortisation	63.78
Closing Net Carrying Amount	218.29
Year Ended 31.03.2018	
Gross Carrying Amount	-
Deemed Cost as on 01.04.2017	-
Additions	-
Capitalised during the year	226.02
Closing Gross Carrying Amount	226.02
Opening Accumulated Amortisation	-
Amortisation charge for the Year	41.98
Closing Accumulated Amortisation	41.98
Closing Net Carrying Amount	184.04

a) Product Development expenses of certain key products amortized over a period of 10 years.

Note 5 : Intangible Assets Under Development

(Rs in Lacs)

Particulars	Product Development Under Process
Year Ended 31.03.2019	
Gross Carrying Amount	-
Deemed Cost as on 01.04.2018	154.53
Additions	86.22
Capitalised during the year	(56.04)
Closing Gross Carrying Amount	184.71
Opening Accumulated Amortisation	-
Amortisation charge for the Year	-
Closing Accumulated Amortisation	-
Closing Net Carrying Amount	184.71
Year Ended 31.03.2018	
Gross Carrying Amount	-
Deemed Cost as on 01.04.2017	359.88
Additions	20.68
Capitalised during the year	(226.02)
Closing Gross Carrying Amount	154.53
Opening Accumulated Amortisation	-
Amortisation charge for the Year	-
Closing Accumulated Amortisation	-
Closing Net Carrying Amount	154.53

a) Additions in the current year 2018-19 of Rs.86.22 lakhs incurred towards development expenses on key products, Capitalised Rs.56.04 lakhs.

Note 6 : Financial Assets

(Rs. in Lacs)

Particulars	31.03.2019		31.03.2018	
	Current	Non Current	Current	Non Current
Security Deposit	12.50	141.60	-	106.16
Advances for Materials	18.49	-	25.02	-
Advances to Employees	1.00	3.74	1.02	3.74
Other Advances	9.90	-	3.88	-
Interest Accrued and due	6.61	-	3.60	-
Interest Accrued but not due	0.92	-	-	-
Total Financial Assets	49.42	145.34	33.51	109.90

a) Interest Accrued and due is Interest receivable on Security Deposits with Electricity Board.

b) Interest Accrued but Not due is Interest receivable on Margin Money Deposits with Banks.

Note 7 : Other Non Current Assets

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Capital Advances	216.07	29.54
Other Advances	121.33	121.33
Balances with Govt Authorities	-	-
TDS Receivable	139.69	110.97
Cenvat Deposit Receivable	20.00	20.00
ITC Receivable	21.50	21.50
Total Other Non Current Assets	518.58	303.33

Note 8 : Other Current Assets

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Balances with Govt Authorities	115.52	413.90
Prepaid Expenses	13.39	29.28
Total Other Current Assets	128.90	443.19

Note 9: Inventories

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Raw Materials	386.95	448.07
Work in Progress	461.22	610.52
Finished Goods	44.03	106.31
Stores, Spares & Consumables	4.17	7.94
Total Inventories	896.37	1,172.84

Note 10 : Trade Receivables

Unsecured, Considered Good

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Trade Receivables	14.18	15.85
Receivable from Related Parties	278.61	16.78
Less : Allowance for Doubtful Debts	(1.70)	(0.15)
Total Receivables	291.09	32.48
Out Standing for a Period Exceeding Six Months	13.47	2.04
Others	277.62	30.44

Note 11 : Cash & Cash Equivalents

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Balances with Banks	-	-
- in current accounts	247.22	39.71
- in Margin Money accounts	14.33	1.83
Deposits with Maturity Less than three months	1,470.00	-
Cash on Hand	0.34	0.31
Total Cash & Cash Equivalents	1,731.89	41.84

Note 12 : Equity Share Capital**a) Authorised Equity Share Capital**

Rs in Lacs

Particulars	No. of Shares	Amount (Rs)
As at 01.04.2017	200.00	2,000.00
Increase during the year	-	-
As at 31.03.2018	200.00	2,000.00
Increase during the year	-	-
As at 31.03.2019	200.00	2,000.00

b) Movements in Equity Share Capital

Rs in Lacs

Particulars	No. of Shares	Equity Share Capital (Rs)
As at 01.04.2017	137.44	1,374.43
Warrants Converted	-	-
As at 31.03.2018	137.44	1,374.43
Rights Issued	28.86	288.63
As at 31.03.2019	166.30	1,663.06

a) The company has only one class of equity shares having a face value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share.

b) 28,86,300 Nos of Rights issued during the year @ Rs.10/- each with a premium of Rs.76/- each.

Note 13 : Other Equity

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Securities Premium Account	8,054.96	5,861.37
State Subsidy	39.38	39.38
Retained Earnings	(11,186.30)	(9,053.10)
Total Reserves & Surplus	(3,091.97)	(3,152.35)

Securities Premium Reserve

Particulars	31.03.2019	31.03.2018
Opening Balance	5,861.37	5,861.37
Received on Rights Issue	2,193.59	-
Closing Balance	8,054.96	5,861.37

State Subsidy

Particulars	31.03.2019	31.03.2018
Opening Balance	39.38	39.38
Additions	-	-
Closing Balance	39.38	39.38

Retained Earnings

Particulars	31.03.2019	31.03.2018
Opening Balance	(9,053.10)	(7,127.49)
Net profit for the period	(2,133.20)	(1,925.61)
Closing Balance	(11,186.30)	(9,053.10)

Note 14 : Long term Borrowings

(Rs. in Lacs)

Particulars	Maturity Date	Terms of Repayment	Interest Rate / Coupon Rate	31.03.2019		31.03.2018	
				Current Portion	Non Current Portion	Current Portion	Non Current Portion
Secured							
Term Loans							
From FI (EARC)	30.09.2019	Quarterly in Two Equal Instalments of Rs.1 Crore each	12.00%	191.70	-	355.39	188.60
Unsecured							
Term Loans							
From Govt (Interest Free Sales Tax Loan)	31.03.2025	Annually once	8.00%	123.35	90.21	99.52	145.07
From Directors			12.00%	-	200.00	-	100.00
From Ipca Laboratories Limited			11.50%	-	4,732.50	-	4,732.50
Total				315.05	5,022.71	454.91	5,166.17

- a) All the instalments falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term borrowings'.
- b) Borrowing from EARC is measured at fair value considering the discounting rate of 12%. Fair value of Rs. 191.70 lakhs is payable to EARC as on 31.03.2019.
- c) The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. During the year the company has paid interest free sales tax Loan of Rs. Rs. 46.85 lakhs for its Pharma division unit at Kothapalli. The interest free sales tax loan so far stood at Rs. 213.56 lakhs after remeasuring the liability at fair value at a discounting rate of 8%.

Note 15: Other Financial Liabilities

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Payables for Capital Works	-	-
i.Total outstanding dues of micro and small enterprises	162.87	-
ii.Total outstanding dues of creditors other than micro and small enterprise	187.60	269.81
Total Other Financial Liabilities	350.47	269.81

Note 16: Provisions

(Rs. in Lacs)

Particulars	31.03.2019		31.03.2018	
	Current	Non Current	Current	Non Current
Provision for Bonus	43.28	-	34.85	-
Provision for Leave	22.31	50.84	18.10	44.23
Encashment	-	-	-	-
Other Provisions	-	176.57	-	176.57
Total Provisions	65.59	227.40	52.95	220.79

Note 17: Retirement benefit obligations

(Rs. in Lacs)

Particulars	31.03.2019		31.03.2018	
	Current	Non Current	Current	Non Current
Provision for Gratuity	77.04	176.89	72.49	147.53
Total Retirement benefit obligations	77.04	176.89	72.49	147.53

Note 18: Other Non Current Liabilities

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Interest Free Lease Deposit	4,073.48	3,567.01
Rent Received in Advance	328.30	766.04
Total Other Non Current Liabilities	4,401.79	4,333.04

a) The company has entered into long term lease agreement with M/s IPCA Laboratories Ltd and received a interest free refundable lease deposit of Rs. 4500 lakhs for 5 years lease period. In conformity with transition to IND AS, the lease deposit is measured at its NPV considering the discounting rate at 13.50% and remaining amount on remeasurement is classified as rent received in advance.

b) Rent and Interest on the deposit above measured through fair valuation approach and is accounted through Other Comprehensive Income.

Note 19: Trade Payables

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Trade Payables		
For Materials		
i.Total outstanding dues of micro and small enterprises	284.61	-
ii.Total outstanding dues of creditors other than micro and small enterprise	1,579.65	1,668.06
For Services	-	-
i.Total outstanding dues of micro and small enterprises	37.19	-
ii.Total outstanding dues of creditors other than micro and small enterprise	244.84	107.94
Total Trade Payables	2,146.28	1,776.00

Note 20: Other Current Liabilities

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Current Maturities of Borrowings	315.05	454.91
Statutory Remittances	276.89	194.07
Payables for Other Expenses	1,714.78	1,241.74
Salaries Payable	277.55	203.70
Audit Fees Payable	16.15	13.90
Directors Remuneration Payable	43.61	45.44
Advance from Customers	553.20	172.95
Total Other Current Liabilities	3,197.23	2,326.71

a) Advance from Customers includes Amount received from IPCA Laboratories Ltd of Rs. 533.52 Lakhs.

b) Payables for Other expenses includes Interest payable on ICD received from IPCA Laboratories Ltd of Rs. 1225.12 Lakhs.

Note 21: Revenue from Operations

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Export Sales	43.54	210.20
Domestic Sales	3,669.73	2,328.04
Total Revenue from Operations	3,713.27	2,538.24

Note 22: Other Operating Income

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Lease Rentals	101.69	106.27
Job Work Services	930.33	698.77
Fee for Providing Manufacturing Services	30.51	34.63
Total Operating Revenue	1,062.53	839.67

Note 23: Other Income

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Sale of Scrap (Including RM Scrap)	26.28	11.94
Miscellaneous Income	-	4.67
Interest Income	6.78	4.00
Total Other Income	33.06	20.61

Note 24: Cost of Materials consumed

Rs in Lacs

Particulars	31.03.2019	31.03.2018
Raw Materials at the beginning of the year	448.07	104.96
Add: Purchases	2,063.67	2,071.67
Less: Depletion in value of inventory	-	(4.52)
Less: Self Consumption	(25.36)	(9.86)
Less: Process Loss	-	(1.82)
Less: Closing Stock at the end of the year	386.95	448.07
Total Cost of Materials Consumed	2,099.43	1,712.36

Note 25: Changes in Inventories of Finished Goods, Work in Progress

(Rs. in Lacs)

Particulars	31.03.2019	31.03.2018
a) Work in Progress		
Opening Stock	561.32	279.71
Less: Depletion in value of Inventory	-	(90.83)
Less: Self Consumption	(0.06)	(0.04)
Less: Process Loss	-	(11.78)
Closing Stock	413.24	561.32
Net (Increase) / Decrease	148.01	(384.26)
b) Job Work Service Under Process		
Opening Services	49.20	-
Closing Services	47.98	49.20
Net (Increase) / Decrease	1.23	(49.20)
c) Finished Goods		
Opening Stock	106.31	98.81
Less: Samples	(0.59)	(0.87)
Closing Stock	44.03	106.31
Net (Increase) / Decrease	61.69	(8.37)
Total (a+b+c)	210.93	(441.83)

Note 26: Employee Benefits

(Rs. in Lacs)

Particulars	31.03.2019	31.03.2018
Salaries, Wages & Benefits	1,393.39	1,103.19
Staff Welfare	47.79	45.34
Director's Remuneration	52.52	52.52
Total Employee Benefits	1,493.70	1,201.05

Note 27: Finance Costs

(Rs. in Lacs)

Particulars	31.03.2019	31.03.2018
Interest on ICD	551.09	498.72
Other Interest	71.49	17.37
Bank Charges	1.21	0.43
Total Finance Costs	623.80	516.52

Note 28: Other Manufacturing Expenses

(Rs. in Lacs)

Particulars	31.03.2019	31.03.2018
Power & Fuel	1,170.27	861.89
Lab Expenditure	73.68	95.67
Repairs & Maintenance		
(Including Spares & Consumables)	278.03	345.80
Machinery Rent	48.88	-
ETP Maintenance	8.74	3.60
Process Loss	-	13.60
Total Other Manufacturing Expenses	1,579.60	1,320.57

Note 29: Other Expenses

(Rs. in Lacs)

Particulars	31.03.2019	31.03.2018
Rent	35.71	30.91
Rates & Taxes	37.70	29.09
Insurance	17.98	12.58
Printing & Stationary	10.38	13.66
Communication Expenses	29.10	21.39
Consultancy & Legal Exp.	50.42	29.04
General Expenses	17.60	25.62
Security Service Charges	53.03	58.34
Directors Sitting fees	6.45	3.90
Auditor's Remuneration		
Statutory Audit fee	1.50	1.50
Tax Audit fee	1.00	1.00
Travelling & Conveyance	66.42	62.84
Directors Travelling	8.02	9.22
Office Maintenance	17.46	20.44
Carriage Outward	11.20	9.08
Business Promotion Expenditure	2.02	2.27
Expected Credit Losses	1.55	0.15
Bad debts written off	0.92	2.05
Excise Duty	-	(2.68)
Service Tax	-	3.91
Sales Tax	-	1.64
Interest and Penalties	4.95	-
Total Other Expenses	373.41	335.94

NOTE- 30**Contingent Liabilities :**

The following contingent liabilities are not provided for.

(i) Excise Duty: There are various demands raised by the Excise authorities amounting to Rs.112.74 lakhs (Previous Year Rs.112.74 lakhs) for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs 20.00 Lacs (Previous Year Rs 20.00 Lacs) based on interim directions.

(ii) Income Tax: There are various demands raised by the Income Tax authorities amounting to Rs. 358.44 lakhs (Previous Year Rs.358.44 lakhs) for which the company preferred appeals with CIT (A), ITAT, Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh

(iii) Employee Provident Fund: Damages u/s 14B amounting to Rs. 129.93 lakhs (Rs. 76.07 lakhs for Vizag Unit and Rs. 53.86 lakhs for Nellore Unit respectively) were raised by PF authorities. Pending disposal of appeals, the company has deposited an amount of Rs 17.50 Lacs based on interim directions.

(iv) Employee State Insurance: Damages u/s 85B amounting to Rs.18.30 lakhs, Interest u/s 39(5) amounting to Rs.4.16 lakhs for Vizag unit were raised by ESIC authorities for which the company preferred appeals with higher authority.

(v) Arbitration with Mylan Laboratories Ltd : Mylan Laboratories Limited has raised a claim of Rs. 2.47 crores and conversely the Company has raised a claim of Rs. 1.30 crores along with future demurrage charges of Rs. 4.72 Lacs per month.

NOTE- 31

The amount receivable from N V R Co-Operative Sugar Factory towards the Development of Factory and Cane Development Expenses etc., has been treated as Advance recoverable since the company is claiming the same from Government of Andhra Pradesh / N V R Co-Operative Sugar Factory.

NOTE- 32

Managerial Remuneration: (Rs. in Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Managing Director		
Avinash Ravi		
---- Remuneration	42.22	42.22
---- Perquisites	3.30	3.30
---- LTA	3.50	3.50
---- Holiday Passage	3.50	3.50
Total	52.52	52.52

NOTE- 33**Related party disclosures :****a) Name of the related parties:**Promoters / Promoters Group :

Dr.R.T.Ravi - Chairman.
Mr. Avinash Ravi - Managing Director
Mrs. Hemalata Ravi w/o Dr.R.T.Ravi
M/s Ipca Laboratories Ltd

Directors :

Dr.R.T.Ravi - Chairman.
Mr. Avinash Ravi - Managing Director
Mr. E.J.Babu - Director
Mr. Manish Jain - Director

Key Management Personnel

Mr. C.V.R.S.N.Kumar - CFO
Retired on 25th May 2018

Mr. CA Phani Srinath.S - CFO
Appointed on 10th September 2018
Ms.Haritha Varanasi - Company Secretary

b) Aggregated Related party disclosures for the financial year 2018-19**i) Particulars of transactions during the year**
(Rs. in Lacs)

Nature of Transaction	For the year ended 31st March 2019	For the year ended 31st March 2018
Remuneration to Promoters / Promoters Group	42.22	42.22
Perquisites paid to Promoters / Promoters Group	10.30	10.30
Sitting Fees paid to Directors	6.45	3.90
Remuneration to Key Managerial Persons	13.20	13.30
TOTAL	72.17	69.72

ii) Amounts due from /(due to) related parties at the year end
(Rs. in Lacs)

Nature of Transaction	31st March 2019	31st March 2018
a) Amounts due to related parties		
Ipca Laboratories - Lease Deposit	(4,500.00)	(4,500.00)
Ipca Laboratories - ICD	(4,732.50)	(4,732.50)
Ipca Laboratories Ltd - Creditor	(146.64)	(178.66)
Ipca Laboratories Ltd - Debtors	278.61	16.78
Ipca Laboratories Ltd - Advances Received	(533.52)	(155.27)
Interest Payable on ICD to IPCA	(1,225.12)	(735.31)
Avinash Ravi - Loan	(200.00)	(100.00)
Interest Payable on Loan to Avinash Ravi	(47.10)	(25.67)
Remuneration Payable to Directors	(43.61)	(45.44)
Rent Payable to Hemalatha Ravi	(18.02)	(18.02)
Advances received from Key Managerial Persons	(107.17)	(104.46)
Advances received from Hemalatha Ravi	(21.43)	(21.43)
TOTAL	(11,296.50)	(10,599.99)

NOTE- 34

The company has not created any Deferred Tax Asset during the financial year since the company has brought forward un absorbed depreciation losses and is not expecting any taxable profits in foreseeable future.

NOTE- 35

Calculation of earnings per share :

Disclosure as required by Accounting Standard - Ind AS 33 Earning Per Share of the Companies (Indian Accounting Standards) Rules 2015.

The earning per share is calculated by dividing the profit after tax by weighted average number of shares outstanding for basic and diluted EPS.

(Rs. in Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Profit after Tax	(213,321,596)	(192,560,613)
Opening equity shares outstanding (Nos.)	13,744,286	13,744,286
Add: Issued during the year (Nos.)	2,886,300	-
Closing equity shares outstanding (Nos.)	16,630,586	13,744,286
Weighted avg no. of shares outstanding (Nos.) (Basic)	16,630,586	13,744,286
Weighted avg no. of shares outstanding (Nos.) (Diluted)	13,807,547	13,744,286
Nominal Value of Equity Share	10.00	10.00
Basic EPS	(12.83)	(14.01)
Diluted EPS	(15.46)	(14.01)

For PAVULURI & CO
Chartered Accountants
Firm's Reg No : 012194S

Sd/-
CA N.Rajesh
Partner
M.NO.223169

Place : Hyderabad
Date : 20.05.2019

NOTE- 36

Segment Information: The company is operating in only one segment business of Pharma and there is no geographical segment to be reported.

NOTE- 37

The balances of trade receivables, trade payables, long term loans & advances, short term loans & advances, other current assets & other current liabilities are subject to confirmation from respective parties.

NOTE- 38

During the year, the company has made provision for gratuity on actuarial valuation and the company did not make any contribution to a scheme administered by the insurer to discharge the gratuity liability to its employees.

NOTE- 39

Figures have been rounded off to nearest thousand. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977

Sd/-
HARITHA VARANASI
Company Secretary

Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152

Sd/-
CA PHANI SRINATH.S
C F O

Additional Notes

Movement of Inventory

(Rs. In Lacs)

Particulars	Figures as at end of 31-March-2019	Figures as at end of 31-March-2018
Raw Materials including packing materials	386.95	448.07
Work in Progress		
Phenylephrine	89.48	210.95
Simvastatin	152.92	278.37
Lovastatin	87.75	72.00
Sambam (RSS)	80.45	-
Others	50.62	49.20
Total Work in progress	461.22	610.52
Finished Goods		
Phenylephrine	0.60	0.93
Simvastatin	39.93	101.89
Others	3.50	3.50
Total Finished Goods	44.03	106.31
Spares, Fuels and Consumables	4.17	7.94
Total Inventory	896.37	1172.84

Movement of Intangible Assets

(Rs. In Lacs)

Particulars	Gross Block			Gross Block			Net Block
	As at 1st April, 2018	Additions during the year	As at 31st March, 2019	Up to 1st April 2018	For the Year	Up to 31st March, 2019	As at 31st March, 2019
Product Development expenses-Others	133.85	50.86	184.71	-	-	-	184.71
Product Development expenses-Serratio	214.13	-	214.13	41.09	19.23	60.31	153.82
Product Development expenses-Phenylephrine	11.89	-	11.89	0.89	1.19	2.08	9.81
Product Development expenses-RSS	20.68	35.37	56.04	-	1.38	1.38	54.66
Total	380.55	86.22	466.77	41.98	21.80	63.78	403.00

Disclosure in accordance with Ind AS - 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.

"The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan is a non funded plan."The following table summarizes the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet as per Actuarial Valuation."

Expenses recognised in Statement of Profit & Loss

Particulars	31.03.2019	31.03.2018
Current Service cost	1,817,762	1,589,166
Interest Expense	1,138,953	1,093,327
Past Service cost	-	175,103
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognized for the period	(20,909)	(4,388,109)
Expense recognized in statement of P&L a/c	2,956,715	2,857,596
Expenses recognised in Other Comprehensive Income	(20,909)	(4,388,109)

Changes in present value of defined benefit obligation

Particulars	31.03.2019	31.03.2018
Present value of defined benefit obligation at the beginning of the year	14,753,281	16,401,618
Current Service cost	1,817,762	1,589,166
Interest Expense	1,138,953	1,093,327
Past Service cost	-	175,103
Actuarial (Gain)/ Loss	(20,909)	(4,388,109)
Benefit paid	-	(117,824)
Present value of defined benefit obligation at the end of the year	17,689,087	14,753,281

Changes in fair value of the plan assets are as follows.

Particulars	31.03.2019	31.03.2018
Opening fair value of plan assets	-	-
Adjustment to opening Fair Value of Plan Asset	-	-
Return on Plan Assets excluding Interest income	-	-
Interest Income	-	-
Contribution by Employer	-	117,824
Contribution by Employee	-	-
Benefits Paid	-	(117,824)
Fair Value of Plan Assets at the end	-	-

Principal Actuarial Assumptions:

Mortality	2018-19	2017-18
	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Interest / Discount Rate	7.56%	7.72%
Rate of increase in compensation	4.00%	4.00%
Expected average remaining service	10.60	10.76
Employee Attrition Rate	PS:0 to 40:5%	PS: 0 to 42: 5%

Fair Value Measurement

Financial instruments by category

(Rs. In Lacs)

Particulars	As at end of 31-March-2019			As at end of 31-March-2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial Assets						
Trade Receivables			291.09			32.48
Cash and cash equivalents			1731.89			41.84
Other Financial Assets			194.76			143.41
Total			2217.74			217.74
Financial Liabilities						
Trade Payables			2146.28			1,776.00
Borrowings			5337.76			5,621.08
Others			-			-
Total			7484.04			7397.08

Expected credit loss for trade receivables under simplified approach is detailed as per the below tables:

(Rs.)

Ageing	< 30 days	30 - 90 days	90-180 days	180-360 days	>360 days	Total
Gross carrying amount	27,563,605	67,549	300,817	354,183	992,910	29,279,064
Expected loss rate %	-	9.97	-	13.03	11.80	34.80
Expected credit losses (loss allowance provision)	-	6,735	-	46,157	117,129	170,020
Carrying amount of trade receivables (Net of impairment)	27,563,605	60,814	300,817	308,026	875,781	29,109,044

Reconciliation of Depreciation and Amortisation as per Statement of Profit and Loss:

(Rs. In Lacs)

Ageing	2018-19	2017-18
Depreciation on PPE	418.43	394.86
Amortisation of Intangible Assets	21.80	41.98
Depreciation and Amortisation as per Statement of Profit and Loss	440.23	436.84

Revenue (Ind AS 115)

a) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contract with customers

(Rs. In Lacs)

Particulars	Curr.Year 31-Mar-19	Curr.Year 31-Mar-18
Type of goods or service		
Sale of goods		
Phenylephrine	1,965.11	1,605.40
Simvastatin	1,713.25	932.84
Sabam-RSS	34.91	
Sale of Services		
Sale of Services	1,062.53	839.67
Others		
Other Operating revenue	33.06	20.61
Total revenue from contract with customers	4,808.86	3,398.52
India	4,765.32	3,188.32
Outside India	43.54	210.20
Total revenue from contract with customers	4,808.86	3,398.52

Form No. MGT-11**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24110AP1991PLC103912
 Name of the company : Krebs Biochemicals & Industries Limited
 Registered office : Kothapalli (V), Kasimkota (M), Anakapalli, Vishakapatnam(D)
 Andhra Pradesh- 531031

Name of the member(s) :

Registered Address :

E-mail Id :

Folio No./Client Id :

DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature:, or failing him

2. Name :

Address :

E-mail Id :

Signature:, or failing him

3. Name :

Address :

E-mail Id :

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on **Wednesday, 25th day of September, 2019** at 11:00 AM at Registered Office - Kothapalli (Village), Kasimkota (Mandal), Anakapalli, Vishakapatnam (District), Andhra Pradesh - 531031 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Approval of financial statements for the year ended 31.03.2019
2. To re-appoint Dr. R.T. Ravi (DIN-00272977) as Director, who retires by rotation and being eligible offers himself or re-appointment.
3. Appointment of statutory auditors and fixation of their remuneration.
4. Re-appointment of Mr.G V L Prasad (DIN-00017081) as Independent Director for further period of 5 years.
5. Re-appointment of Dr. TangiralaMalati (DIN-07094957) as Independent Director for further period of 5 years.
6. Re-appointment of Mr. Satish Khivsara (DIN- 07244464) as Independent Director for further period of 5 years.

Signed this day of..... 2019

Signature of shareholder

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Kothapalli (V), Kasimkota (M), Anakapalli, Vishakapatnam (D)
Andhra Pradesh - 531031

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 27th Annual General Meeting of the members of the company to be held on Wednesday, 25th of September, 2019 at 11:00 AM at Registered Office - Kothapalli (Village), Kasimkota (Mandal), Anakapalli, Vishakapatnam (District), Andhra Pradesh - 531031 and at any adjourned meeting thereof.

Shareholders/Proxy's Signature _____

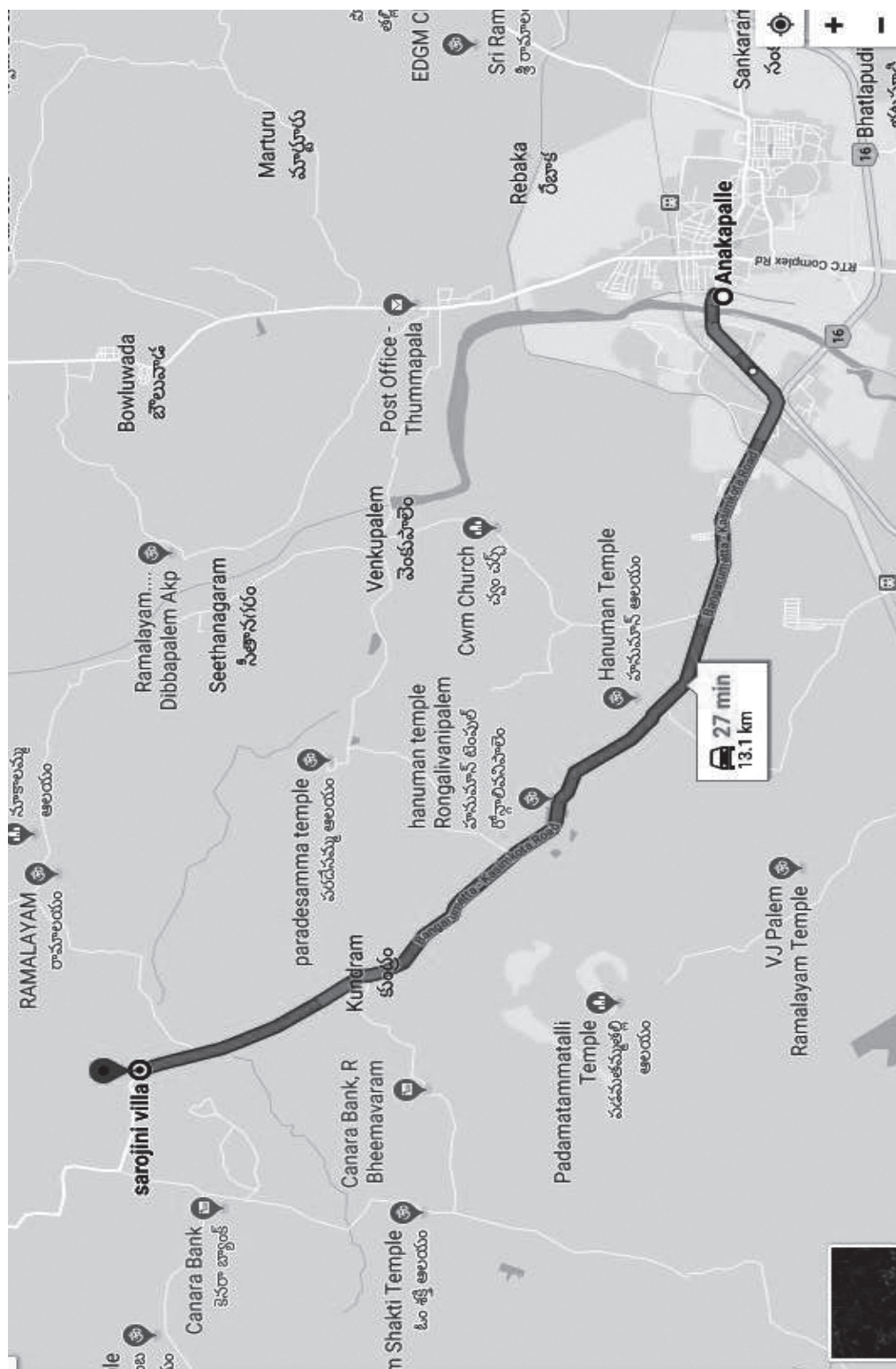
Shareholders/Proxy's full name _____

(In block letters)

Folio No./ Client ID _____

No. of shares held _____

Note: Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.





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**BOOK-POST
UNDER CERTIFICATE POSTING**

If undelivered return to :
Krebs Biochemicals & Industries Limited
Plot No. 34, 8-2-577/B, Maas Heights,
Road No. 8, Banjara Hills,
Hyderabad-500 034.