



◆ 17TH ANNUAL REPORT 2005-2006 ◆

OF

KABRA DRUGS LIMITED



KABRA DRUGS LIMITED

BOARD OF DIRECTORS

1. Shyam Kabra	Chairman and Managing Director
2. Shashi Bapat	Director
3. M.Raghuwanshi	Director

◆ AUDITORS ◆

M/s. Agrawal Jhavar Associates
Chartered Accountant

◆ BANKERS ◆

Bank of Baroda

◆ REGD OFFICE & WORKS ◆

26, Sector "A" Sanwer Road, Industrial Area,
INDORE - 452 003

◆ LISTING ◆

Bombay Stock Exchange, Mumbai

KABRA DRUGS LIMITED

DIRECTOR'S REPORT

To,
The Members,
Kabra Drugs Limited.

Your Directors are presenting their ^{Seventeenth} Eighteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2006.

FINANCIAL PERFORMANCE

	31/03/2006	Rs. In Lacs 31/3/2005
Profit (Loss) before Interest, Tax and Depreciation	12.11	(2.97)
Depreciation	25.55	25.55
Total	(13.44)	(28.52)
Interest	-	-
Extraordinary Item (Net Gain)	877.58	-
Net Surplus	864.14	(28.52)
Add: Profit/Loss brought forward from previous year	(1063.61)	(1035.09)
Balance carried to balance Sheet	(199.48)	(1063.61)

COMPANY'S PERFORMANCE

The Company's overall performance for the year under review was not satisfactory. The turnover increased to Rs. 67.38 Lacs against Rs. 66.35 Lacs. Operational profit (EBIDTA) was Rs. 12.11 lacs against a -ve EBIDTA of 2.97 lacs in the previous year. The net surplus carried to the Balance Sheet was on account of a net gain of Rs.877.58 lacs from settlement with lenders

DIVIDENDS

In view of losses directors are unable to recommended any dividend.

DIRECTORS

1. Shri Shashi Bapat who retire in the forthcoming Annual General Meeting by rotation and being eligible offers himself for re – appointment-
2. Shri M. Raghuwanshi who retires in the forthcoming annual General Meeting by rotation and being eligible offers himself for re – appointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Director report in compliance with Section 217(2AA) of the companies Act, 1956.



KABRA DRUGS LIMITED

- i) That in the preparation of the annual accounts the applicable accounting standards have been followed and that no material departures have been made from the same.
- ii) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the affairs of the company as at 31st March 2006 and of the profits of the company of the period from 1st April, 2005 to 31st March, 2006
- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the companies act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s, Agrawal Jhavar Associates, Chartered Accountant, retire as Auditors of the Company at the end of this Annual General Meeting. And being eligible for re – appointment until the conclusion of next annual general meeting and to fix their remuneration your directors recommended their appointment.

FIXED DEPOSITS

The Company did not accept any deposit from public during the year.

DATE OF DIRECTORS MEETING

Four meetings were held during the year on dt. 29.07.2005, 28.10.2005, 28.01.2006 and 28.04.2006.

STOCK EXCHANGE

The companies share are Listed at Bombay Stock Exchange Ltd. but trading has been suspended. Steps are being taken to get the suspension revoked by complying with the condition of the Listing Agreement.

SHARE TRANSFER PROCESS

Share Transfer works is carried out in house by the department as the Registered Office at 26 – A Sanwer Road, Industrial Area, Indore.

INDUSTRIAL RELATIONS

The Company continued to maintain harmonious and cordial relations with its workers in all its divisions.

AUDITORS' OBSERVATIONS

The observations of Auditors as referred to in the Auditors Reports are suitably explained in notes to the Accounts.



KABRA DRUGS LIMITED

PERSONNEL

During the year there was no employee drawing remuneration in excess of the ceilings provided under Section 217 (2 – A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rule, 1975.

SETTLEMENT WITH LENDERS

Your Company has finally turned the corner and has decided to revitalize itself. We have entered into an OTS with both the Banks viz. Dena Bank and Bank of Baroda, while Dena Bank has been paid off in full, Bank of Baroda would be paid off in full during the current year. There was a net gain of Rs. 877.58 Lacs on account of the OTS with the Banks. Further the assistance of Rs. 150 lacs from ICICI under the USAID Scheme was written off since the R&D for development of anti cancer drugs could not be commercialized.

ENERGY CONSERVATION MEASURES TECHNOLOGY ABSORPTION AND R & D EFFORTS

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies Disclosure of particulars in the reports of Board of Director Rules, 1988 with respect to these matters is appended hereto and forms part of this report.

ACKNOWLEDGMENTS

The directors wish to thank the Government Authorities, Financial Institutions, Bankers, other Business Associates and Shareholders for the cooperation and encouragement extended to the Company. The Director also place on record their deep Appreciation for the contributions made by the employees at all levels.

Place: INDORE

Date: 27/06/2006

for and on behalf of the Board

SHYAM KABRA
CHAIRMAN AND
MANAGING DIRECTOR



KABRA DRUGS LIMITED

ANNEXURE

Companies (Disclosed of particulars in the reports of board of director) rules, 1988.

A. Conservation of Energy

- | | |
|--------------------------------------------------------------------------------------------------|-------------------------|
| a. Energy Conservation measures take. | Nil |
| b. Additional investments and proposals being implements for reduction of consumption of energy. | Nil |
| c. Impact of above on energy consumption | Nil |
| d. Total energy consumption | As per Form – A Annexed |

B. Technology Absorption Form "B"

Research and Development (R & D)

- | | |
|-------------------------------------------------------------|---|
| 1. Specific areas in which R & D Carried out by the Company | : |
| 2. Benefits Derived as a result of above. | : |
| 3. Future plan of action | : |
| 4. Expenditure on R & D | : |

Technology absorption, adaptation innovation.

Efforts made towards technology absorption adoption and innovation and benefits derived as a result thereof. Nil

Information regarding important Technology Nil

C. Foreign Exchange Earnings & Outgo.

- | | |
|-------------------------------------------|-----|
| 1. Export Activities | Nil |
| 2. Total foreign exchange earned & outgo. | Nil |
| a) Earnings | Nil |
| b) Outgo (Rs.) | |

Technology absorption, adaptation innovation.

Form – "A"
(See Rules – 2)

Form for Disclosure of particulars with respect to conservation of Energy

A	Power & Fuel Consumption	31/03/2006	31/03/2005
	<u>Electricity</u>		
	Purchased Units	156250	146274.00

KABRA DRUGS LIMITED

Total Amounts (Rs.)	1189055.00	1064971.00
Rate / Unit (Rs.)	7.64	7.25
Own Generation		Nil

1. L. D.O

a) Quantity (in Litres)	400	200
b) Amount (Rs)	13370.00	6054.00
c) Rate Per Unit (Rs.)	34.00	31.00

B. Consumption per unit of Product

Since the Company manufactures different types of ether, Derivatives and pharmaceutical Formulations, it is not practicable to give consumption per unit of production.

Place . INDORE

For and on behalf of the Board

Date : 27/06/2006.

SHYAM KABRA
Chairman and
Managing Director



KABRA DRUGS LIMITED

ANNEXURE TO THE DIRECTORS' REPORTS ON CORPORATE GOVERNANCE

1. Company philosophy

The company's philosophy on code of Corporate Governance is based on attainment of high level of transparency, accountability, and adequate disclosures and economic value addition. The Company initiated the process of implementation of good corporate Governance in April 2003.

2. Board Of Director

As per Listing Agreement, the Board should have an optimum combination of executive non-executive Directors with not less than 50% of the Board of non-executive Directors. In case of a non-executive Chairman, at least one – third of the Board should consist of independent Directors and in the case of an executive Chairman; at least half of the Board should independent Directors.

The Board of Director of the Company consists of two Non – executive Directors as on 31st march, 2006. During the year, Four meetings of the Board of Director of the Company were held on 29.07.2005, 28.10.2005, 28.01.2006 and 28.04.2006. The maximum interval between any two meetings was 90 days.

The particulars of the Directors and the Company attendance at the Board Meeting during the year and the last Annual General Meeting as also number of other directorship and committee membership as on are as follows :

Name of the Directors	Category	NO./ of Board meetings attended	Attendance in last AGM	No. of other Directorship	Committee Membership	
					Chairman	Member
1. Shyam Kabra	Chairman	4	YES	NIL	One	Two
2. Sashi Bapat	Independent Director	4	YES	NIL	One	Two
3. M. Raghuvanshi	Independent Director	4	YES	NIL	One	Two

3. Audit Committee

The company has instituted Audit Committee according to the provisions of Section 292 A of the Companies, Act, 1956 & Clause 49 of the listing agreement, Board of Director appointed Mr. Sashi Bapat and M. Raghuvanshi as members of the Audit Committee under the Chairmanship of Mr. Shyam Kabra. The terms of reference to the Audit Committee are as follows.

- I. Review with the Auditors periodically about internal control system, the scope of audit including observation of the auditors,
- II. Review of the half – yearly and annual financial statements before submission to the Board.
- III. Investigation into any matters in relation to the items specified in Section 292 A or Clause 49 of the Listing

KABRA DRUGS LIMITED

Agreement of referred to it by the board,

During the year four Meeting of the Audit Committee were held on 29/07/2005, 28/10/2005/, 28/01/2006 and 28/04/2006.

Name of Director	Meeting Held	No. of meeting attended
1. Shyam Kabra	4	4
2. Sashi Bapat	4	4
3. M. Raghuvanshi	4	4

4. Managerial Remuneration

A remuneration Committee was formed for recommending remuneration of executive directors. All the members of the committee are Non – Executive and independent Directors.

Remuneration policy is to pay on economical basis. Individual performance pay is determined by business performance and the performance of the individuals measured through annual appraisal process. The Company pays remuneration by way of salary and perquisites to its managing director. It is also making contribution to Provident Fund, Super Annuation fund or annuity Fund as per Companies rule.

The terms of reference of the remuneration Committee, Inter alia. Include determination of compensation package of executive directors and to investigate any activities within the terms of reference, etc. The Committee also oversees the employee stock option scheme and recommends the same for the approval of the Board / shareholders. The Committee is empowered to decide the edibility of the category of employees and the terms and conditions of grants to be extended.

The remuneration policy of the Company is Broadly Based on the flowing criteria.

- a) Job responsibilities
- b) Key Performance areas of the employees / directors
- c) Industry Trend
- d) Remuneration packages in other comparable companies for comparable positions.

During the year, the Committee met on two occasions with full attendance of all three members. The compensation of remuneration Committee is as follows.

- I. Shyam Kabra
- II. Sashi Bapat
- III. M. Raghuvanshi



KABRA DRUGS LIMITED

DETAIL OF REMUNERATION FOR THE YEAR 2005 – 2006

Sr. No	Name	Salary of the year	Perquisites (Computed under IT Act)
1.	Shyam Kabra	1,80,000	Nil

Shareholders and Investor's Grievance Committee

The Shareholder and investors Grievance Committee has been redressed of investors complaints. There were constituted by the Board during the year to look into the redressed of investor's complaints pending for reply as on 31st March 2006 and no share transfers were pending for registration as on the said date. The committee had no occasion to meet during the years 2005 – 2006.

5. GENERAL BODY METTING

YEAR	VENUE	DATE	TIME
2003-2004	Plot No.26, Sector A	30.09.2003	10.00 AM
2004-2005	Sanwer Road, Industrial Area,	30.09.2004	10.00 AM
2005-2006	Indore	30.09.2005	10.00 AM

6. DISCLOURE

- I) During the year under review, besides the transactions reported elsewhere in the Annual Report there were no other related parties, transaction viz, promoter Directors or the Management, their subsidiaries or relatives that had a potential conflict with the interest of the Company at large,
- II) No. Penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the period under review.

7. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board,

8. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date	September 20, 2006
Time	10.00 A.M.
Venue	Plot no. 26, Sector A Sanwer Road, Industrial Area, Indore

Financial Calander 2005-2006

1.	First Quarter Results	30.06.2005
2.	Second Quarter Results	30.09.2005



KABRA DRUGS LIMITED

3. Third Quarter Results 31.12.2005
4. Forth Quarter Results 31.03.2006

Date of Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from Monday 5th September, 2005 to Thursday 8th September, 2005, (both days inclusive)

Listing of Securities

The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai
Stock Code 524322

Market Price Data

The share of the Company have been suspended for trading by the BSE. The Company has got it's shares delisted from Indore, Delhi, Jaipur & Ahmedabad Stock Exchanges.

Registrar & Transfer Agent

The Company has an in house share transfer facility.

Share Transfer Systems.

Share received for transfer in physical form are registered and dispatched within thirty days of receipt of the documents. If shares are under objection than same are returned within fifteen days.

The Shareholding Pattern as on 31st March, 2006 is given below :

Sl.No.	Category	No.of Shares held	% Shareholding
1.	Promoters	1282508	29.22
2.	Private Corporate Bodies	1400	0.03
3.	Indian Public	3101100	70.66
	Total	4388600	100.00

Dematerialization of Shares and Liquidity

As on 31st march 2006, all the shares of the Company's were held in physical form.



KABRA DRUGS LIMITED

TO,

KABRA DRUGS LIMITED,
INDORE

We have reviewed the compliance of conditions of Corporate Governance by KABRA DRUGS LIMITED, for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, with the relevant records and documents maintained by the Company and furnished to me.

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

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

As required by the guidance note issued by the institute of Chartered Accountant of India, we have to state that no investor complaint is pending for a period exceeding one month as on 31st March, 2006 against the company, as per records maintained by the Investor grievance committee of the Company.

On the basis of our review and according to the Information and explanations given to us, read with paragraph (4) c regarding Shareholders'/Investors Grievance Committee of the Report on Corporate Governance issued by the Company on even date, the conditions of corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange have been complied with in all material respect by the Company except that the Company could not get the revocation of suspension from the Stock Exchange, as a result no transaction for sale/purchase of shares through Stock Exchange has taken place.

For :- **AGRAWAL JHAWAR ASSOCIATES**
CHARTERED ACCOUNTANT

(DHARMENDRA AGRAWAL)
PARTNER

Place :- **Indore**
Date : 27.06.2006



KABRA DRUGS LIMITED

Auditor's Report

To,
THE MEMBERS OF KABRA DRUGS LIMITED
INDORE,

We have audited the attached Balance sheet of M/s KABRA DRUGS LIMITED as at 31st March, 2006 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's report) order, 2003, issued by the Central Govt. terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure –A statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion the company as required by law has kept proper books of account so far as it appears from our examination of the books.
- (iii) The Balance Sheet and Profit and Loss Account and cash flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account and cash flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) Based on the written representation made by the directors of the company and the information's and explanations as made available as on 31st March 2004 the directors of the company do not prima facie have any disqualification as referred to in amended section 274 (1) (g) of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956.



KABRA DRUGS LIMITED

- (vii) Attention is drawn to note no. 9 for Settlement of Loan account, note no. 7 regarding non provision of Taxation & interest thereon Note no. 8 regarding non conformation of debit & credit balances.
- (viii) Subject to Para (vii) above in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act. 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2006.
- (b) In the case of the Profit and Loss Account of the Loss of the company of the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

FOR AGRAWAL JHAVAR ASSOCIATES
CHARTERED ACCOUNTANT

PLACE : INDORE
DATED : 27.06.2006

(DHARMENDRA AGRAWAL)
PARTNER M.N. 77507



KABRA DRUGS LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 OF KABRA DRUGS LIMITED

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

- I. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets except for certain moveable assets, pertaining to the R&D for development of anti cancer drugs which need to be updated;
- (b) As explained to us stocks have been physically verified by the Management at the close of the year which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. **The results of the physical verification, have not been compared with the book records and hence discrepancies, if any, have not been identified;**
- (c) The Company has not disposed off any substantial part of its fixed assets as to affect its going concern;
- II. (a) As explained to us, inventories of stores, spares and materials have been physically verified by the Management, at the close of the year.
- (b) The procedure, as explained to us, which are followed by the Management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventories. Discrepancies notices on physical verification of inventory as compared to book records, where were not material, have been properly dealt with in the books of account;
- III. (a) According to information and explanations given to us, the Company has not granted any loan, secured/ unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- (b) According to the information and explanations given to us, the Company has not taken unsecured loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956;
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of raw material and spares.
- V. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, there were no transactions in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act.



KABRA DRUGS LIMITED

- VI. As informed to us, the Company has not accepted any deposits from the public;
- VII. As informed to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records for the Company under Section 209 (1) (d) of the Companies Act, 1956 for its procedure;
- VIII. (a) According to the records of the Company and the information and explanations given to us, **the Company has not been regular in depositing undisputed dues of investor Education and Protection Fund, Provident Fund, Income Tax deducted at source, Services Tax and Profession Tax.**
- (b) On the basis of our examination of the documents and records of the Company, there were no disputed dues in respect of Wealth tax, Services, Custom duty, Excise duty and Cess. However, the following disputed statutory dues have not been deposited with the appropriate authorities :

Nature of Dues	Amount in (Lacs) Rs.	Forum where dispute is pending
Central Excise Act	2.94	Commissioner (Appeals)
State Excise Act	46.25	M.P.High Court
Labor Act	61.53	Labor Court, Indore

- IX. The accumulated losses of the Company, at the end of the current financial year, is less than fifty percent of its net worth. **The Company has incurred cash losses in the immediately preceding financial year;**
- X. Based on our audit procedures and according to the information and explanations given to us. The Company has got its loan liabilities restructured from Dena Bank and Bank of Baroda and has been regular in repayment of such restructured liabilities. The details of which are as under :
- (a) The entire dues outstanding with Dena Bank were settled under One Time Settlement (OTS) at Rs.80 lacs vide their letter NoSMI/ADV/KD/215/2005 dated 28.12.2005. The settled amount of OTS has been paid by the company and no balance is due.
- (b) The outstanding with Bank of Baroda were settled under One Time Settlement (OTS) at Rs180 lacs vide their letter No. ADV:06:161, dated 08.03.2006. The amount is being paid regularly.
- (c) ICICI Bank had granted an assistance of Rs.150 lacs under the USAID Scheme for carrying R&D activities in respect of development of Anti Cancer Drugs. However, the R&D activities could not be commercialized and hence as per the provisions of the agreement the loan has been written off.
- XI. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- XII. On the basis of our examination of the documents and records of the Company, the Company is not dealing in or trading in shares, securities, debentures and other investment;



KABRA DRUGS LIMITED

- XIII. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by other s from banks or financial institutions during the year'
- XIV. The Company has not obtained any term loans during the year;
- XV. According to the information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usage of funds, we are of the opinion that, prima facie, short term funds have not been used for long term purposes;
- XVI. The Company has not made any preferential allotment of shares during the year;
- XVII. The Company has not issues any debentures during the year;
- XVIII. The Company has not raised any money by public issue during the year;
- XIX. According to the information and explanations given to us and the representations made by the Management, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For and on behalf of
AGRAWAL JHAVAR ASSOCIATES
CHARTERED ACCOUNTANT.

DHARMENDRA AGRAWAL
PARTNER

PLACE : INDORE
DATED : 27.06.2006



KABRA DRUGS LIMITED

KABRA DRUGS LIMITED BALANCE SHEET AS AT 31 MARCH, 2006

PARTICULARS	SCHEDULE NO	31.03.2006 RS.	31.03.2005 RS.
SOURCE OF FUNDS			
SHAREHOLDERS FUND			
SHARE CAPITAL	A	43,711,500	43,711,500
LOAN FUNDS			
SECURED LOANS	B	17,200,000	97,994,156
UNSECURED LOANS	C	19,280	17,627,280
TOTAL FUNDS EMPLOYED		<u>60,930,780</u>	<u>159,332,936</u>
APPLICATION OF FUNDS			
FIXED ASSETS [NET]	D	54,303,984	56,861,205
CURRENT ASSETS, LOANS & ADVANCES	E	4,453,100	6,509,022
LESS : CURRENT LIABILITIES AND PROVISIONS	F	<u>17,774,379</u>	<u>10,399,517</u>
NET CURRENT ASSETS		13,321,278	3,890,495
PROFIT & LOSS A/C		19,948,074	106,362,226
TOTAL FUNDS APPLIED		<u>60,930,780</u>	<u>159,332,936</u>
NOTES ON ACCOUNTS	nk		

As per our report of even date

For & on behalf of the Board

For **AGRAWAL JHAVAR ASSOCIATES**
CHARTERED ACCOUNTANT

(DHARMENDRA AGRAWAL)
PARTNER

SHYAM KABRA
CHAIRMAN &
MANAGING DIRECTOR

SHASHI BAPAT
DIRECTOR

PLACE : INDORE
DATE : 27.06.2006



KABRA DRUGS LIMITED

KABRA DRUGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	SCHEDULE NO	2005-2006 RS.	2004-2005 RS.
INCOME			
SALES		6,738,294	6,635,074
INCREASE/(DECREASE) IN STOCKS	G	(25,651)	(41,383)
OTHER INCOME		3,868,047	210,173
TOTAL		10,580,690	6,803,864
EXPENDITURE			
MATERIAL COST	H	5,165,414	3,434,857
OPERATING COST	I	2,757,791	2,472,441
ADMINISTRATIVE & SELLING EXP.	J	1,445,775	1,193,283
DEPRECIATION		2,555,723	2,555,723
TOTAL		11,924,672	9,656,303
PROFIT (LOSS) BEFORE TAX		(1,343,983)	(2,852,439)
PROVISION FOR TAXTION		0	0
PROFIT (LOSS) FOR THE YEAR		(1,343,983)	(2,852,439)
BROUGHT FORWARD BALANCE		(106,362,226)	(103,509,786)
EARLIER YEAR ADJUSTEMENT		87,758,135	0
BALANCE CARRIED TO BALANCE SHEET		(19,948,074)	(106,362,226)
NOTES ON ACCOUNTS	K		

As per our report of even date

For & on behalf of the Board

For **AGRAWAL JHAVAR ASSOCIATES**
CHARTERED ACCOUNTANT

(**DHARMENDRA AGRAWAL**)
PARTNER

SHYAM KABRA
CHAIRMAN &
MANAGING DIRECTOR

SHASHI BAPAT
DIRECTOR

PLACE : INDORE

DATE : 27.06.2006

KABRA DRUGS LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF FINAL ACCOUNTS
RELATING TO THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	2005-2006 RS.	2004-2005 RS.
SCHEDULE - "A" : SHARE CAPITAL :		
AUTHORISED :		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
ISSUED :		
4592300 Equity Shares of Rs.10/- each	45,923,000	45,923,000
SUBSCRIBED AND CALLED UP :		
4388600 Equity Shares of Rs 10/- each	43,886,000	43,886,000
Less: unpaid calls	174,500	174,500
PAID UP CAPITAL	43,711,500	43,711,500
SCHEDULE "B" : SECURED LOANS		
From Bank of Baroda, Sitlamata Bazar Branch, Indore (Secured by hypothecation of plant & machineries and by personal guarantee of past and present Directors mortgage of factory land and building at Plot no.26, Sector A, Sanwer Road, Indore.	17,200,000	51,795,988
FROM Dena Bank, Sitlamata Bazar Branch,	0	46,198,168
TOTAL	17,200,000	97,994,156
SCHEDULE - "C": UNSECURED LOANS		
From Indian Public Ltd.Companies	19,280	2,627,280
From ICICI Bank Ltd. (under USAID)	0	15,000,000
TOTAL	19,280	17,627,280

SCHEDULE - "D": FIXED ASSETS

Sr. No.	DESCRIPTION OF ASSETS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
		TOTAL AS ON 01/4/2005	ADDITIONS DURING THE YEAR	TOTAL AS ON 31/03/2006	AS ON 01/4/2005	PROVIDED FOR THE YEAR	WRITTEN BACK DURING THE YEAR	TOTAL AS ON 31/03/2006	AS ON 31/03/2006	AS ON 01/04/2006
1	LAND	169,985	0.00	169,985	0.00	0.00	0.00	0.00	169,985	169,985
2	SITE DEVELOPMENT	165,619	0.00	165,619	70,452	5,532	0.00	75,984	89,635	96,306
3	FACTORY BUILDING	15,408,314	0.00	15,408,314	5,540,820	514,467	0.00	6,055,287	9,353,027	9,867,494
4	PLANT & MACHINERY	37,440,974	0.00	37,440,974	18,202,283	1,806,045	0.00	20,008,327	17,432,647	19,238,691
5	ELECTRICAL INSTALLATIONS	592,209	0.00	592,209	409,579	41,869	0.00	451,448	140,761	182,630
6	LABORATORY EQUIPMENTS	3,036,686	0.00	3,036,686	1,437,138	144,243	0.00	1,581,381	1,455,305	1,599,548
7	AIR CONDITIONERS	61,000	0.00	61,000	32,965	2,897	0	35,862	25,138	28,035
8	OFFICE EQUIPMENTS	322,001	0.00	322,001	322,001	0.00	0.00	322,001	0.00	0.00
9	VEHICLE	42,280	0.00	42,280	33,984	4,051	0.00	38,035	4,245	8,656
10	FURNITURE & FIXTURES	573,413	0.00	573,413	457,674	36,297	0.00	493,971	79,442	115,739
11	RESORT (LEASE HOLD)	32,000	0.00	32,000	3,232	323	0.00	3,556	28,444	28,768
12	BUILDING UNDER CONSTRUCTION	731,919	0.00	731,919	0.00	0.00	0.00	0.00	731,919	731,919
13	PREOPERATIVE EXPENSES	42,733	0.00	42,733	0.00	0.00	0.00	0.00	42,733	42,733
14	PLANT & MACHINERY	24,750,702	0.00	24,750,702	0.00	0.00	0.00	0.00	24,750,702	24,750,702
	TOTAL	83,369,836	0.00	83,369,836	26,510,129	2,555,723	0.00	29,065,852	54,303,984	56,861,206

KABRA DRUGS LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF FINAL ACCOUNTS
RELATING TO THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	2005-2006 RS.	2004-2005 RS.
SCHEDULE -"E": CURRENT ASSETS, LOANS & ADVANCES		
A : CURRENT ASSETS :		
INVENTORIES		
Raw Materials	1,632,695	608,238
Finished Goods	55,250	80,901
Packing Material	147,705	979,136
Sub-total	1,835,649	1,668,274
SUNDRY DEBTORS		
(Unsecured, considered good)		
Due over six months	79,453	957,299
Within six months	1,196,137	1,040,792
Sub-total	1,275,590	1,998,091
CASH & BANK BALANCES		
Cash in hand	138,451	59,455
with Secheduled Banks		
- in current accounts	240,155	286,571
- in fixed deposit accounts	67,550	67,550
- in share collection money account	0	94,643
Sub-total	446,155	508,218
DEPOSITS	337,691	337,691
TOTAL CURRENT ASSETS	3,895,086	4,512,275
B : LOANS AND ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
Advances for Capital Goods	128,177	510,720
Trade & other Advances	23,173	1,131,879
Pre-paid Insurance/Insu.claim Receable	15,635	15,635
Excise Duty Modvat	811	811
Advance to Staff	95,513	42,997
Excise duty PLA a/c	294,705	294,705
TOTAL LOANS AND ADVANCES	558,014	1,996,747
GRAND TOTAL	4,453,100	6,509,022

KABRA DRUGS LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF FINAL ACCOUNTS
RELATING TO THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	2005-2006 RS.	2004-2005 RS.
SCHEDULE -"F": CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
- Trade	15,409,709	7,932,919
- For Fixed Assets	0	290,531
- Others	876,653	939,563
	16,286,362	9,163,013
Outstanding expenses & other payables	293,889	299,288
Statutory liabilities	1,194,127	937,216
TOTAL	17,774,379	10,399,517

SCHEDULE -"G": INCREASE / DECREASE IN STOCKS

STOCK OF FINISHED GOODS AT CLOSE	55,250	80,901
LESS : STOCK OF FINISHED GOODS AT COMMENCEMENT	80,901	122,284
INCREASE / (DECREASE) IN STOCKS	(-25,651)	(-41,383)

SCHEDULE -"H": MATERIALS COST

RAW MATERIALS CONSUMED		
Opening Stock	608,238	21,666
Add : Purchases (Net)	4,508,443	3,613,682
	5,116,681	3,635,348
Closing Stock	1,632,695	608,238
	3,483,986	3,027,110

KABRA DRUGS LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF FINAL ACCOUNTS
RELATING TO THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	2005-2006 RS.	2004-2005 RS.
PACKING MATERIAL CONSUMED		
Opening Stock	979,136	1,085,475
Add : Purchases (Net)	849,997	301,408
	1,829,132	1,386,883
Less : Closing Stock	147,704	979,136
Less : expired & work out.	954,303	407,747
TOTAL	5,165,414	3,434,857
SCHEDULE -"I": OPERATING COST		
Chemicals & Testing	6,156	30,631
Stores consumed	260,105	236,983
Wages and salaries, Bonus	1,007,596	997,126
Electric Power and fuel	1,202,425	1,071,025
Machinery repairs	162,977	19,741
Building reparis	22,110	11,050
Medical & Workers welfare	38,110	36,630
Insurance	27,615	26,784
Factory Expenses	30,697	42,571
TOTAL	2,757,791	2,472,441

KABRA DRUGS LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF FINAL ACCOUNTS
RELATING TO THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	2005-2006 RS.	2004-2005 RS.
SCHEDULE-"J": ADMINISTRATIVE & SELLING EXP.		
Directors and Staff Salary	697,507	636,074
Stationery printing & Books	51,889	16,260
Postage & telephone	83,637	125,964
Conveyance & Vehicle expenses	7,365	2,030
Office expenses	25,114	38,936
Travelling expenses	0	9,113
Legal Expenses	47,725	7,185
Advertisement	3,500	1,250
Auditors remuneration	15,000	15,000
Professional charges	40,990	31,500
Contribution to E.S.I.,P.F. Labour -	169,261	185,364
Other Repairs	21,605	35,732
Donation	1,500	7,050
Property tax	42,097	29,049
Professional tax payable	5,000	5,000
Gratuity	14,000	15,260
Sales tax	217,217	0
Commission & Brokerage	1,784	30,510
Bank charges	554	2,006
TOTAL	1,445,745	1,193,283

SCHEDULE "A" NOTES ON ACCOUNTS

PART I: A: SIGNIFICANT ACCOUNTING POLICIES

Financial statement have been prepared under historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India and the provision of the Companies Act, 1956 as adopted consistently by the company.

(1) SYSTEM OF ACCOUNTING

The company adopts mercantile system of accounting and the financial statements are prepared under historical cost convention and on accrual basis. Retirement benefit, post assessments demands, claims, subsidy, and uncertain routine exp. And income to the extent these are not material, are accounted for on cash basis.

(2) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized

(3) FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at cost of acquisition including installation and incidental costs. Depreciation is provided from date of use on straight line method as per the provisions of schedule 14 of the companies act , 1956.

No addition / deletion took place in fixed assets during the year. No amortization has been made in respect of premium paid for the leasehold land since grant of lease is for a long period. Depreciation on Bio-project Assets is not provided in the accounts since the development could not be commercialized.

(4) INVENTORIES

Inventories are valued as certified by management on following basis.

Raw material and packing materials	At Cost
Finished goods	At estimated realizable value
Work in process, stores and spares etc.	At estimated realizable value
Obsolete, defective and unserviceable stocks are provided for, where required	

(5) TRANSACTION IN FOREIGN CURRENCY

The company has not incurred any transaction in foreign currency during the year.

(6) CONTIGENT LIABILITIES

These are separately disclosed in the financial statements by way of notes to the accounts.

Contingent liabilities are not recognized but are disclosed in the notes, contingent assets are neither recognized nor disclosed in the financial statements.

1. CONTINGENT LIABILITIES AS ON BALANCE SHEET DATE

- a) HON. M.P has given probable liability under sales tax and excise acts on purchase of denatured spirit, relating to 1991-92. High Court has granted a stay. The amount is not ascertainable.



- b) Bank guarantees Rs nil/- (Rs. Nil) Letter of credits : Inland Rs. Nil foreign US\$ Nil (US\$ Nil).
- c) Case relating to dismissal of 21 workers in 1997. Labor court has ruled against the company ordering payment of entire salary to employees for Rs. 6153705/- for the intermittent period. The company has preferred an appeal in the high court.

(7) PROVISION FOR TAXATIONS

- 1) No provision for Income tax has been made in the accounts as in the opinion of the Board, there would be no taxable income for the year under the provisions of the income tax Act 1961. And provisions for Income tax, wealth Tax, Education CESS is made at the time of payment.
- 2) *Deferred tax resulting from timing difference between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that asset will be realized in future.*

(8) BALANCE CONFIRMATION

Balance confirmation from various parties were not obtained and these are as per books and believed as correct as per management.

(9) SETTLEMENT WITH LENDERS

During the year the liabilities towards Dena Bank have been settled under one time settlement (OTS). The Company has paid OTS amount in full resulting in a surplus of Rs 381.98 . crores and has been credited to Profit & Loss Account. This being extra-ordinary item has been disclosed separately i.e. other than normal business results.

The Company had also entered one time settlement with Bank of Baroda. The repayment of which is being made as per the schedule agreed upon. The surplus towards the settlement which comes to Rs. 337.96 crores and has been credited to Profit & Loss Account. This being extra-ordinary item has been disclosed separately i.e. other than normal business results.

(10) CURRENT ASSETS

The current assets, loan and advances have a value on realisation in the ordinary course of business , at least equal to the amount at which these are stated in balance sheet and the provision for all known liabilities have been adequately made and not in excess of the amount reasonably necessary.

(11) Revenue Recognition

Sales are recognised on dispatch of goods to the customers, which normally results in transfer of title in the goods. Sales exclude self-consumption of cement.

- (12) The company has only one business segment 'Manufacturing of Drugs'. Further, since virtually all sales are effected in the domestic market, there is only one geographical segment. Therefore, the disclosure requirements of "Segment Reporting" are not applicable to the company.

- (13) Related party disclosures as required as per accounting standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountant of India, are as below;



KABRA DRUGS LIMITED

a. List of related parties and relation ships

Related party and there relationship

Key Management Personnel

Shri Shyam Kabra, Managing Director

Manager

Smt. Kusum Kabra (Spouse of MD)

Relatives of key management personal and their enterprises in which key management personnel are interested

None

Transaction during the period the period with related parties as under:

Name of the related party	Transactions	Amount (Rs. in Lacs)
Shri Shyam Kabra	Director's remuneration	1.80
Smt. Kusum Kabra	Salary	1.80

Note: Related party relationship is as identified by the company and relied upon by the auditors.

(14) Earning per share

Particulars	2004-05	2005-06
Net Profit (Loss) after Tax as per Profit & Loss Account (Rs. in Lacs)	(28.52)	(13.44)
Weighted Average number of Equity share outstanding (Nos.)	4371150	4371150
Basic and diluted Earning per Share (face value Rs. 10/- per share)(Rs.)	(0.65)	(0.31)

(15) PAYMENTS TO DIRECTORS

Chairman and Managing Director	180000 (150000)
--------------------------------	--------------------

(16) PAYMENT TO AUDITORS

Statutory audit fees	15000
Tax audit fees	5000
Taxation fees	10000
	<hr style="width: 50%; margin: 0 auto;"/> 30000

(17) EMPLOYEES RETIREMENT BENEFITS

Contribution to provident fund & ESIC are charged to P&L a/c on actual basis and provision for gratuity, leave encasement etc. Retirement benefits are charges to P&L a/c on payment basis. The company has not practice to create separate reserve on actual basis.

(18) Balance in share applications money account Rs. 94643 /- is doubt full of recovery since 1994 therefore the company has write-off this amount during the year.



KABRA DRUGS LIMITED

- b) Bank guarantees Rs nil /- (Rs. Nil) Letter of credits : Inland Rs. Nil foreign US\$ Nil (US\$ Nil).
- c) Case relating to dismissal of 21 workers in 1997. Labor court has ruled against the company ordering payment of entire salary to employees for Rs. 6153705/- for the intermittent period. The company has preferred an appeal in the high court.

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- (12) The company has only one business segment 'Manufacturing of Drugs'. Further, since virtually all sales are effected in the domestic market, there is only one geographical segment. Therefore, the disclosure requirements of "Segment Reporting" are not applicable to the company.

- (13) Related party disclosures as required as per accounting standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountant of India, are as below;

- (19) Bank interest on F.D. which are deposited by the company with various government departments as security deposit, not provided in the accounts.
- (20) The company has accounted retirement benefits to the employees on payment basis. Provision for gratuity and other benefits are not provided in balance sheet.
- (21) Disclosures of sundry creditors under current liabilities is based on the information available with the company regarding the status of the suppliers as defined under the "interest on Delayed Payments to small scale and Ancillary industrial Undertakings Act, 1993". The name of the Small-Scale party in respect of whom amount is outstanding for more than 30 days, the company has no one creditor within this category.
- (22) The company has shown in the P&L a/c sales less excise duty & sales tax.
- (23) Previous years figures are given in brackets & have been regrouped & re arranged wherever necessary.
- (24) The quantitative data of opening stock, purchase, production, sales, closing stock, shortage/ excess & valuation of stock are taken to be correct as appearing in respective ledger accounts & as certified by the management's.
- (25) Cash balance at the end of the year has been taken as certified by the management.
- (26) The audit have been completed with the help of only available voucher, cash memos, invoices & other information given in the cash book, ledger, & explanation given by the management.

Quantitative Data

Note : Figures given in brackets are for previous year.

Signature to schedule "A" to "M".

as per our report of even date

for & on behalf of the board

for **AGRAWAL JHAVAR ASSOCIATES**
CHARTERED ACCOUNTANT

DHARMENDRA AGRAWAL
PARTNER

SHYAM KABRA
CHAIRMAN &
MANAGING DIRECTOR

SHASHI BAPAT
DIRECTOR

PLACE :- INDORE

DATE :- 27.06.2006

[A] CLASS OF GOODS MANUFACTURED : ETHER, AND PHARMACEUTICALS FORMULATION.
 [B] PARTICULARS OF PRODUCTION, FINISHED GOODS MANUFACTURED, STOCKS & TURNOVER
 YEAR 2005 - 2006

(Value in Rs. 000)

PARTICUALRS	UNIT	OPENING STOCK		PRODUCTION	SALES LESS RETURNS		CLOSING STOCK	
		← QUANTITY →	← VALUE →	← QUANTITY →	← QUANTITY →	← VALUE →	← QUANTITY →	← VALUE →
ETHER								
ANAESTHETIC	LITRES	-	-	23100	23100	328.353	-	-
		-	-	(3988)	(3988)	(319.00)	-	-
SOLVENT	LITRES	-	-	4188	4188	416.38	-	-
		-	-	(83584)	(83584)	(4151)	-	-
LIQUID	LITRES	1674	80.90	15111	15472	1403.111	1313	55.25
		(1688)	(122.28)	(9741)	(9781)	(897)	(1674)	(80.90)
INJECTION	NOS.			242420	242420	1309.84		
				(106420)	(106420)	(416)		
TABLET	NOS.							
				(183600)	(183600)	(25)		
SOFT GEL CAPSULE	NOS.			26990700	26990700	1223.488		
				(19499000)	(19499000)	(711)		
WATER FOR INJECTION	NOS.			2462400	2462400	57.18		
				(194400)	(194400)	(116)		
TOTAL		1674	80.900	29737919	29738280	6738.29	1313	55.25
		(1688)	(122.280)	(20080733)	(20080733)	(6635)	(1648)	(80.90)

**RAW /PACKING MATERIAL AND STORES AND SPARES CONSUME
TO PROFIT AND LOSS A/C**

(RS. IN'000)
31.03.2005

ITEM-NAME	UNIT	31.03.2006		31.03.2005	
		QUANTITY	AMOUNT	QUANTITY	AMOUNT
RAW MATERIALS					
	KG	7123	942.621	3188	280.00
	LITRES	121282	2541.365	110000	2747.00
	TOTAL		3483.986		3027.11
	SAY		3484		3027

(a)	Value of imports on CIF basis	0	0
(b)	Expenditure in foreign currency	0	0
(c)	Value of imported materials consumed	0	0
(d)	Remittance in foreign currency	NIL	NIL
(e)	Earnings in foreign currency	NIL	NIL

LICCENCED INSTALLED CAPACITY.

CERTIFIED BY THE MANAGEMENT AND RELIED BY THE AUDITORES (BEING TECHNICAL MATTERS)

	UNIT	LICCENCED	INSTALLED
ETHER	LACS LTRS	N.A.	9
LIQUID	LACS NOS.	N.A.	100
CAPSULES	LACS NOS.	N.A.	1200
TABLETS	LACS NOS.	N.A.	6000
INJECTABLES	LACS NOS.	N.A.	150
S.G.CAPSULES	LACS NOS.	N.A.	3000

As per our report of even date

For & on behalf of the Board

for **AGRAWAL JHAVAR ASSOCIATES**
CHARTERED ACCCOUNTANT

DHARMENDRA AGRAWAL
PARTNER

SHYAM KABRA
CHAIRMAN &
MANAGING DIRECTOR

SHASHI BAPAT
DIRECTOR

PLACE : INDORE

DATED :

RAW MATERIAL YEAR OF 2005 - 2006 RS. IN'000

PARTICUALRS	(UNITS)	OPENING STOCK		RECEIPT		ISSUE FOR PRODUCTION		CLOSING STOCK	
		QUANTITY	VALUE	QUANTITY	AMOUNT	QUANTITY	VALUE	QUANTITY	VALUE
CLOXACILLIN SODI.	KG	0	0.00	20	48.96	20	48.96	0	0
CHOLECALCIFEROL	LTR	0	0.00	110	17.38	110	17.38	0	0
GELATINE POWDER	LTR	0	0.00	500	19.66	500	19.66	0	0
VITAMIN "A"	KG	0	0.00	75	389.71	75	389.71	0	0
TANERIND SEED	LTR	0	0.00	300	7.52	300	7.52	0	0
ACID SLURRY	KG	0	0.00	1380	6.21	1380	6.21	0	0
FORMALDEHYDE	KG	0	0.00	50	1.25	50	1.25	0	0
POTASH ALUM	KG	0	0.00	1100	40.56	700	25.81	400	14.75
RECTIFIED SPT.	LTR	1282	65.17	0	0	1282	65.17	0	0
RECTIFIED SPT 2	LTR	960	2.31	1000	57.93	0	0.00	1960	60.24
PARACETAMOL IP	KG	0	0.00	25	5.75	25	5.75	0	0
STARCH POWDER	KG	0	0.00	100	2.50	100	2.50	0	0
CAUSTIC SODA	KG	950	20.82	1720	47.60	1800	46.80	870	21.62
ELWA	KG	300	33.74	600	73.88	300	33.74	600	73.88
SODI BI SULPHATE	KG	0	0.00	600	12.72	300	6.36	300	6.36
HYDROFLORIC	KG	880	3.86	0	0	880	3.86	0	0.00
AMPICILLIN SOD. STERILE IP	KG	0	0.00	40	97.92	40	97.92	0	0.00
CEFTRIZONE SOD STERILE IP	KG	0	0.00	8	68.54	8	68.54	0	0.00
CEFOTAXIME SODIUM STERILE	KG	0	0.00	10	85.68	10	85.68	0	0.00
PETROLIUM GELLY	KG	0	0.00	850	53.04	500	31.20	350	21.84
DENATURED SPIRIT	LTR	20000	482.34	172000	3423.91	120000	2472.34	72000	143.39
CHLORAMPHENICOLI.P.	KG	0	0.00	25	47.73	25	47.42	0	0.00
TOTAL		24372	608.24	180513	4508.4	128405	3483.98	76480	1632.69

As per our report of even date
 For AGRAWAL JHAVAR ASSOCIATES
 CHARTERED ACCOUNTANT

For & on behalf f the Board

DHARMENDRA AGRAWAL
 PARTNER

SHYAM KABRA
 CHAIRMAN &
 MANAGING DIRECTOR

SHASHI BAPAT
 DIRECTOR

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**I Registration Details**

Registration No. : 10-05438
 Balance Sheet Date : 31.03.2006

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
_____	_____
NIL	NIL
Bonus Issue	Private Placement
_____	_____

NIL	NIL
-----	-----

III Position of mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
_____	_____

60931	60931
-------	-------

Sources of Funds

Paid-up Capital	Reserves and surplus
_____	_____

43712	-
-------	---

Secured Loans	Unsecured Loans
_____	_____

1720	19
------	----

Application of Funds

Net Fixed Assets	Investments
_____	_____

54303	NIL
-------	-----

Net Current Assets	Misc. Expenditure
_____	_____

13321	0
-------	---

Accumulated Loss	

19948	
-------	--

IV Performance of Company (Amount in Rs. Thousand)

Turnover*	Total Expenditure
_____	_____

10581	11925
-------	-------

* Includes Other Income

Profit / Loss Before Tax	Profit / Loss After Tax
_____	_____

(-) 1344	(-) 1344
----------	----------

Earnings per Share in Rs.	Dividend Rate %
_____	_____

N. A.	NIL
-------	-----

V Generic Names of Three Principal Production / Services of the Company

(As per monetary terms)

Item code no. (ITC Code)	29091100
--------------------------	----------

Product Description	DIETHYL ETHER
---------------------	---------------

Item Code No. (ITC Code)	30049054
--------------------------	----------

Product Description	ATENOLAL-FORMULATIONS IN TABLETS.
---------------------	-----------------------------------

Item Code No. (ITC Code)	30042008
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Product Description	CEPHALEXIN-FORMULATIONS THEREOF IN CAPSULES ETC.
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Signature to Schedule "A" to "O"

As per our report of even date

For **AGRAWAL JHAVER ASSOCIATES**
 CHARTERED ACCOUNTANT

For & on behalf of the Board

DHARMENDRA AGRAWAL
 PARTNER

SHYAM KABRA
 CHAIRMAN &
 MANAGING DIRECTOR

SHASHI BAPAT
 DIRECTOR

KABRA DRUGS LIMITED
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
AS AT 31ST MARCH, 2006

A: CASH FLOW FROM OPERATING ACTIVITIES :	2005-2006 Rs in Lakhs	2004-2005 Rs in Lakhs
Net profit before tax and extraordinary items	4.20	(28.52)
Adjustments for :		
1 Depreciation	25.56	25.56
2 Interest/Other income Received	(56.32)	2.10
3 Interest Expenses	0.00	0.00
5 Investment (Loss)	0.00	0.00
4 Miscellaneous Expendebyre [Amortised]	0.00	27.66
Operating profit before working capital changes	(26.56)	(0.86)
Adjustments for :		
1 Trade and other receivables	21.62	(1.79)
2 Inventories	(1.67)	4.73
3 Trade Payables	73.75	9.40
	93.70	2.88
Cash Generated from operations :	67.14	2.02
1 Interest paid	0.00	0.00
Cash Flow Before extraordinary items	67.14	2.02
Income Tax	0.00	0.00
1 Extraordinary items	56.32	(2.10)
Net cash from operating activities [A]	123.46	(0.08)
B: CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	0.00	0.00
Sale of Fixed assets	0.00	0.00
Purchase of Investments	0.00	0.00
Sale of Investments	0.00	0.00
Interest/Other Income received	0.00	0.00
Net Cash from investing activities [B]	0.00	0.00



KABRA DRUGS LIMITED

KABRA DRUGS LIMITED CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2006

C: CASH FLOW FROM FINANCING ACTIVITIES :	2005-2006 Rs in Lakhs	2004-2005 Rs in Lakhs
Net profit before tax and extraordinary items	4.20	(28.52)
Proceeds from issue of share capital	0.00	0.00
Proceeds from long term borrowings	0.00	0.00
Proceeds from short term borrowings	(98.00)	0.00
Intercorporate Deposits	(26.08)	0.00
Net Cash from in financing activities [C]	<u>(124.08)</u>	<u>0.00</u>
Net increase(decrease) in Cash and Cash equivalents [A+B+C+]	(0.62)	(0.08)
Cash and Cash equivalents as at 1st April [Opening Balance]	5.08	5.16
Cash and Cash equivalents as at 31st March [Closing Balance]	4.46	5.08

Indore

For and on behalf of the Board

Dated : 27.06.2006

Shyam Kabra
Chairman & Managing Director



KABRA DRUGS LIMITED

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Kabra Drugs Limited, derived from audited financial statements and the books and records maintained by the Company for the Years ended 31st March, 2006 and 31st March, 2005 and found the same in agreement therewith. The statement has been prepared by the company in accordance with the requirements of listing agreement with Stock Exchanges.

For Dharmendra Agrawal & Co.

Chartered Accountant

Indore

Dated: 27.06.2006

Dharmendra Agrawal

Proprietor

NOTICE

Notice is hereby given that the 17th annual general meeting of the members of the company will be held on Wednesday, the 20th September at 03 P.M. at 26 sector 'A' Sanwer Road , Industrial Area, Indore – 452003 to transact the following Business.

ORDINARY BUSINESS

1. To receive, Consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date and the Reports of Director and Auditors thereon.
2. To elect a Director in the place of Shri Shashi Bapat, who retires by rotation and being eligible, offers himself for reappointment.
3. To elect a Director in the place of Shri M. Raghuwanshi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
“RESOLVED THAT” Shri Mahendra Kumar Mandloi, is appointed as an Additional Director of the Company under Section 260 of the Articles of Association who will hold office until the next Annual General Meeting under Section 260 of the Companies Act, 1956, and is liable to retire by rotation.
6. To consider and, if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
“RESOLVED THAT” Shri Rajendra Barodia, is appointed as an Additional Director of the Company under Section 260 of the Articles of Association who will hold office until the next Annual General Meeting under Section 260 of the Companies Act, 1956, and is liable to retire by rotation.

By Order of the Board

Date :- 27/06/2006

Place : Indore

SHYAM KABRA
CHAIRMAN AND
MANAGING DIRECTOR

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the vote instead of himself / herself and such proxy need not be a member of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

EXPLANATORY STATEMENT (Pursuant to Section 173 (2) of the Companies Act, 1956) for item No. 4 of the accompanying Notice

Item No. 5 : Shri Mahendra Kumar Mandloi is being co-opted as Additional Director on the Board of the Company pursuant to Section 260 of the Companies Act, 1956 He will hold office until the conclusion of the next Annual General Meeting.

The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 signfying his intention to propose Shri Mahendra Kumar Mandloi for the Office of the Director liable to retire by rotation.

Shri Mahendra Kumar Mandloi is M.Sc. by qualification and has rich exeperience including as Manager Quality Control in M/s. Penjon Pharmaceuticals Limited.

Item No. 6 : Shri Rejendra Bordia is being co-opted as Additional Director on the Board of the Company pursuant to Section 260 of the Companies Act, 1956 He will hold office until the conclusion of the next Annual General Meeting.

The Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 signfying his intention to propose Shri Rajendra Bordia for the Office of the Director liable to retire by rotation.

Shri Rajendra Bordia is M.Sc. by qualification and has rich exeperience including as Managing Director of M/s. Bordia Motors Pvt. Ltd. and Siddharth Enterprises.

The Board commends the resolution for your approval.

No Director is deemed to be interested or concerned in the aforesaid resolution.

Date :- 27/06/2006
Pales : Indore

By Order of the Board

SHYAM KABRA
CHAIRMAN AND
MANAGING DIRECTOR

KABRA DRUGS LIMITED

KABRA DRUGS LIMITED

Regd. Office & Work : Plot No. 26 Sector-A, Sanwer Road, Industrial Area, Indore

Regd. Folio No.

No. of Share Held

PROXY FORM

I/We _____

of _____

being a member / members of KABRA DRUGS LIMITED, hereby appoint _____
of _____

filling him / her _____ of _____

as my / our to vote for me / our behalf at the Sixteen Annual General Meeting of the Company to be held at 26, Sector-A, Sanwer Road, Industrial Area, Indore - 452 003, any adjournment thereof.

Signed this _____

2006



day of

Note :

- The proxy must be deposited / mailed at / to the Registered Office the Company at the mentioned address not less than 48 hours before the time of holding the meeting.
- A proxy need not be member.

KABRA DRUGS LIMITED

Regd. Office & Work : Plot No. 26 Sector-A, Sanwer Road, Industrial Area, Indore

ATTENDENCE SLIP

^{17th}
~~16th~~ Annual General Meeting
~~30-10-2006~~ 201912006

Regd. Folio No.

No. of Shares held

I Certify that I am a registered shareholder/phoxy for the registered shareholder of the Company.

I here by record my presence at the Fourteen General Meeting of the Company held at Plot No. 26, Sector-A, Sanwer Road, Industrial Area.

Members / Proxy Name in

Block letters _____

Member's / Proxy's

Signature _____

Note : Please fill in this attendance slip and handover at the Entrance of the meeting hall.

17th ANNUAL REPORT
2005-2006

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TO, _____

ANNUAL REPORT



KABRA DRUGS LIMITED

WORKS & REGD. OFFICE : Plot No. 26, Sector A, Sanwer Road,
Industrial Area, INDORE - 452 003 (M.P.)