

KREBS BIOCHEMICALS AND INDUSTRIES LIMITED

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22nd Annual Report
(01.07.2013 - 30.09.2014)



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22nd Annual Report
(01.07.2013 - 30.09.2014)



Company Information

Board of Directors

Dr. R.T.Ravi	- Chairman & Managing Director
Mr.R.Ch.Satyanarayana	- Independent Director
Mr. G. V. L. Prasad	- Independent Director
Mr.Avinash Ravi	- Director & Chief Operating Officer

Bankers

- ☉ United Bank of India

Auditors

M/S Pavuluri & Co

Chartered Accountants

#105, 1st Block, 1st Floor

Divyashakti Complex

Ameerpet, Hyderabad - 500 016

Registered Office	Registrars & Transfer Agents
Krebs Biochemicals & Industries Ltd Plot No 34, 8-2-577/B, Maas Heights, Road No:8, Banjara Hills, Hyderabad-500034 Tel : +91-40-66037777 Fax : +91-40-66037755 Email : cskrebsbiochem@gmail.com Website : www.krebsbiochem.com	Karvy.Computershare Pvt. Ltd. Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad 500 081 Tel : +91-40-44655276 Fax : +91-40-2343 1551 Email : einward.ris@karvy.com



Notice for the 22nd Annual General Meeting of the Company

Notice is hereby given that the 22nd Annual General Meeting of M/s. KREBS BIOCHEMICALS & INDUSTRIES LIMITED will be held on Wednesday the 31st of December, 2014 at 11.00 A.M., at KLN Prasad Auditorium, FAPPCI, 11-6-841, Red Hills, Hyderabad – 500004 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the Audited Financial Statements of the Company comprising of Balance Sheet as on 30th September, 2014, Profit and Loss Account for the period ended as on that date and the Cash Flow Statement for the financial period ended September 30, 2014 the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Avinash Ravi (DIN No. 01616152) who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Pavuluri & Co., Chartered Accountants (Registration No. 004453S), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of 22nd Annual General Meeting till the conclusion of 27th Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactments thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. G. V. L. Prasad (holding DIN 00017081) Independent Director of the Company whose period of office is liable to determination by retirement of directors by rotation (under the erstwhile Companies Act, 1956) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. G. V. L. Prasad as a candidate for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31st December, 2019 and whose office shall not be liable to retire by rotation".
5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactments thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. China Satyanarayna Ravi (holding DIN 00326854) Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. China Satyanarayna Ravi as a candidate for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31st December, 2019 and whose office shall not be liable to retire by rotation".
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 the approval of members of the Company be and is hereby accorded to the appointment of Mr. Avinash Ravi (DIN: 01616152) as a Whole Time Director liable to retire by rotation with effect from 1st February, 2015 on the terms and conditions as specified in the Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice and on the remuneration, which is as follows" :



Remuneration : Rs.93,280.00 P.M

Leave Travel Assistance : 79,200.00 P.A

Provision of a Car with Driver, Mobile and Land, Phone and Internet

Expenses on Fuel for car, Driver, mobile, Land Line and Internet provision: Rs.27,500/- per month

Company's contribution towards Provident Fund and Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and Encashment of Leave at the end of his tenure. The same however, shall not to be included in the computation of limits for the remuneration of perquisites aforesaid.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force)"

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, in modification of the resolution, limiting the borrowing powers of the Board of Directors of the Company upto Rs.200.00 Crores in excess of the aggregate of the paid up capital of the company and its free reserves, passed by the company at the Eleventh General Meeting held on 30th September, 2003, the Board of Directors of the Company be and is hereby authorized under Section 180(1)(c) read with Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company provided that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed the aggregate of the paid up capital and free reserves by more than Rs.200.00 Crores."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, in modification of the resolution passed at the Fifth General Meeting held on 16.07.1997, the consent of the Company be and is hereby accorded to the Board of Directors pursuant to the provisions of Section 180(1)(a) read with Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 read with the Articles of Association of the Company, for the creation of such mortgages, charges and hypothecations, on all immovable and movable properties of the company, both present and future in favour of lending Financial Institution (s) / Corporate Body (s) / person (s) / Corporation (s) / Government (s) / Lenders (s) / Bank (s) for moneys borrowed or to be borrowed."

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to finalise the terms and conditions for creating the aforesaid mortgages and / or charges and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to this resolution."

For and on behalf of the Board of

M/s. Krebs Biochemicals and Industries Limited

Sd/-

(Dr. R. T. Ravi)

Chairman & Managing Director

(DIN: 00272977)

Place: Hyderabad

Date: 28.11.2014

Registered Office: Plot No. 34, 8-2-577/B, Road No. 2,

Banjara Hills, Hyderabad – 500034

Phone : 040-66037777, Fax : 040-66037755

Email id: cskrebsbiochem@gmail.com, Website: www.krebsbiochem.com

CIN: L24110TG1991PLC013511

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Pursuant to Clause 16 read with Section 91 of the Companies Act, 2013 the Register of Members and Register of Share Transfer Books of the Company will remain closed from 25th December, 2014 to 31st December, 2014 (both days inclusive).
3. Members holding shares in physical form are requested to intimate the change, if any, in their Registered Address to the Company quoting their Registered Folio.
If the shares are held in Demat form, intimation regarding the change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining the Demat Account.
4. Statement as required under the provisions of Section 102 (1) of the Companies Act, 2013 is enclosed to this notice.
5. Members / Proxies should bring the Attendance slips duly filled in for identification for attending the meeting.
6. Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Meeting.
7. In accordance with Section 101 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Annual Report (Audited Financial Statements, Directors Report, Auditors Report etc.) is being sent to the shareholders in electronic form to the email address registered with their Depository Participant (in case of electronic shareholding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding).
We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding) the Company's Registrar and Share Transfer Agents (in case of physical shareholding) mentioning your folio no./demat account details.
However, in case you wish to receive the above shareholder communication in paper form, you may write to the Bank's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Unit: Krebs Biochemicals and Industries Limited, or send an email at mentioning your folio no. / demat account details.
8. Requests for transfer of physical shares received during the period of book closure shall be considered only after the reopening of Books.
9. Shareholders may avail the nomination facility under Section 72 of the Companies Act, 2013. The relevant nomination form is appended to this notice
10. SEBI has made it mandatory for every participant in the securities / capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details off PAN along with a Photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Bank.

**E-Voting Instructions :**

- 1) The Company Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, is extending e-voting facility for its Members to enable them to cast their vote electronically instead of participating and voting physically in the Annual General Meeting. The Company has appointed Mrs. K. Jhansi Laxmi, Practicing Company Secretary who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
- 2) The e-voting facility will be available at the link <http://evoting.karvy.com> during the voting period.
- 3) The login ID and password for e-voting along with process, manner and instructions for e- voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.
- 4) Members are requested to note that the e-voting will open on 26th December, 2014 and shall remain open for 2 days i.e. upto 27th December 2014. E-voting shall not be allowed beyond 6 p.m on 27th December, 2014.
- 5) The procedure and instructions for e-voting are as follows:
 - i. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
 - ii. Enter the login credentials (i.e., user-id & password) provided to you as mentioned overleaf.
 - iii. Please contact toll free NO. 1-800-34-54-001 for any further clarifications.
 - iv. After entering these details appropriately, click on "LOGIN".
 - v. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. You need to login again with the new credentials.
 - vii. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
 - viii. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your exiting login id and password are to be used.
 - ix. On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ ABSTAIN' 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. If the shareholder do not wants to cast, select 'ABSTAIN'
 - x. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xi. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - xii. Corporate/Institutional members (corporate/FIs/FIIs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to Jhansi_lakxmi@rediffmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."
 - xiii. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

**PROFILE OF DIRECTORS RETIRING BY ROTATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT:****G. V. L. PRASAD**

Sri G. V. L. Prasad is a B.com and B.L. graduate from Andhra University. He is a fellow member of the Institute of Chartered Accountants of India. He is associated with various Engineering and Pharma companies in various capacities. He has total 25 years of experience in the Corporate Sector. He has been associated as a Director and Chairman of the Audit committee as well as the Remuneration committee of the company. He has been serving the company for the last few years in financial area.

His rich experience in finance and Accounts is useful to monitor the financial growth of the company hence recommended for re-appointment.

CHINA SATYANARAYNA RAVI**AVINASH RAVI**

Avinash Ravi is a Graduate in Bio Process Engineering from the University of New South Wales, Australia. He has done his project work in Fermentation and Laboratory Control from Suntroy Brewery, Queens Land, Australia and done his student exchange programme from University of Alberta, Canada. He is specially qualified and trained in production and purification of Biotechnology products like Monoclonal Anti Bodies, R-DNA products etc. He stood 2nd place in national Medical Quiz competition and achieved 6th rank in national mathematic Olympiad in the state.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**Item No. 4 :**

Mr. G. V. L. Prasad is an Independent Director of the Company (appointed pursuant to Clause 49 of the Listing Agreement), whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. He joined the Board of Directors of the Company ('the Board') on 26.09.2000. The Companies Act, 2013 came into effect from 1st April, 2014. The Ministry of Corporate Affairs, Government of India, by a notification, has clarified that if a company intends to appoint existing independent directors as Independent Directors under the Companies Act, 2013 such appointment must be made expressly within one year from April 1, 2014. The Company proposes to comply with the provisions of the Companies Act, 2013 and the notification of the Ministry of Corporate Affairs.

Hence it is proposed to appoint Mr. G. V. L. Prasad as an Independent Director for the period from 01.01.2015 to 31.12.2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made there under and that he shall not be liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Mr. G. V. L. Prasad for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. G. V. L. Prasad (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. G. V. L. Prasad fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company, and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. G. V. L. Prasad as an Independent Director. Accordingly the Board recommends the resolution in relation to the appointment of Mr. G. V. L. Prasad as an Independent Director for the approval by the members of the Company.



No director, key managerial personnel or their relatives, except Mr. G. V. L. Prasad to whom the resolution relates is interested or concerned in the resolution.

Item No. 5 :

The Board of Directors had co-opted, Mr. China Satyanarayana Ravi as an Additional Director (Independent Director) of the Company on 13th August, 2014. Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956), the above said Additional Director holds office only upto the date of this Annual General Meeting of the Company.

The Board considers that the appointment of Mr. China Satyanarayana Ravi as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is not liable to retire by rotation.

The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. China Satyanarayana Ravi for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. China Satyanarayana Ravi (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub – section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. China Satyanarayana Ravi fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company, and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to the avail the services of Mr. China Satyanarayana Ravi as an Independent Director. Accordingly the Board recommends the resolution in relation to the appointment of Mr. China Satyanarayana Ravi as an Independent Director for the approval by the members of the Company.

No director, key managerial personnel or their relatives, except Mr. China Satyanarayana Ravi to whom the resolution relates is interested or concerned in the resolution.

Item No. 6 :

Mr. Avinash Ravi was appointed as a Whole Time Director of the Company for a period of 3 years with effect from 1st February, 2009 on the recommendation of the Remuneration committee and the said appointment was approved by the members in the Seventeenth Annual General Meeting held on 14.09.2009

He was re appointed for a further period of 3 years by the members of the Company in the Twentieth Annual General Meeting held on 26.09.2012.

Considering the invaluable services Mr. Avinash Ravi has contributed for the revival of operations of the Company in the recent past and for enabling the company to diversify into various other areas, the Board of Directors thought it fit to re appoint him as the Whole Time Director for a further period of 3 years with effect from 1st February, 2015.

The Board of Directors in their meeting held on 28th November, 2014 had approved the re appointment of Mr. Avinash Ravi as the Whole Time Director of the Company for a further period of 3 years with effect from 1st February, 2015 subject to obtaining of necessary approvals. The said appointment and payment of remuneration was also approved by the Nomination and Remuneration Committee.

The Company has received from Mr. Avinash Ravi (i) Consent in Writing to act as Director in Form DIR – 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and (ii) intimation in Form DIR – 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.



The terms and conditions of his appointment are as follows:

1. Remuneration: As provided in the Resolution
2. Period of Appointment: Three years beginning on 1st February, 2015 and ending on 31st January, 2018
3. Mr. Avinash Ravi shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

Additional Information as required under Proviso to Section II of Schedule V:

I. General Information:

- (1) Nature of Industry: Manufacturing of bulk Pharmaceutical Ingredients
- (2) Date or expected date of commencement of Commercial Production: 1994
- (3) In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: NOT APPLICABLE
- (4) Financial Performance based on given indicators:

Financial Performance during the past three years:

(Rs.in lacs)

Particulars	2013 - 14	2012 - 13	2011 - 12
Turnover	NIL	1,144.90	7,076.00
Net Profit / Loss	(434.61)	(1,520.27)	(1,743.81)

Export performance and net foreign exchange earnings

(Rs.in lacs)

Particulars	2013 - 14	2012 - 13	2011 - 12
Export earnings	NIL	245.94	514.98

- (5) Foreign Investment or collaborations, if any: Not Applicable

I. Information about the appointee:

- (1) Background details: Avinash Ravi is a Graduate in Bio Process Engineering from the University of New South Wales, Australia. He has done his project work in Fermentation and Laboratory Control from Suntroy Brewery, Queens Land, Australia and done his student exchange programme from University of Alberta, Canada. He is specially qualified and trained in production and purification of Biotechnology products like Monoclonal Anti Bodies, R-DNA products etc. He stood 2nd place in national Medical Quiz competition and achieved 6th rank in national mathematic Olympiad in the state.
- (2) Past remuneration: Same as proposed
- (3) Recognition or awards: NIL
- (4) Job Profile and his suitability: Avinash Ravi worked as Project Manager in Tarapur, Maharashtra and has contributed much in reviving a sick company. Based on his qualifications and experience the Board find him as suitable candidate.
- (5) Remuneration proposed – As mentioned in the resolution.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: between 4 to 5 lacs per month with relevant perks.
- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any : Mr. Avinash Ravi is holding 16,98,304 shares in the company and his remuneration is to the tune of Rs. 15.00 Lacs and he is part of the Promoters Group. He is the son of Managing Director Dr. R. T. Ravi.

II. Other Information:

- (1) Reasons of loss or inadequate profits: Both the manufacturing units were not in operation during the current Financial period on account of layoff of employees at Unit – II and lock out of the Unit – I due to illegal strike of the employees.
- (2) Steps taken or proposed to be taken for improvement: Financial restructuring of debt of the company followed by investment to revive the operations.
- (3) Expected increase in productivity and profits in measurable terms: Once the restructuring is completed a suitable productivity plan will be worked out.



The resolution seeks the approval of members in terms of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or re-enactments thereof for the time being in force) for the re appointment of Mr. Avinash Ravi as the Whole Time Director liable to retire by rotation with effect from 1stFebruary, 2015

None of the Directors and Key Managerial Personnel except Mr. Avinash Ravi, Dr. R. T. Ravi and their relatives are concerned or interested in the said resolution.

The Board recommends the resolutions set forth in Item No. 6 for the approval of members.

Item No. 7 :

The Board of Directors of the Company were authorized by the Members of the Company under section 293(1)(d) of the Companies Act, 1956 at the Eleventh General Meeting held on 30.09.2003 to borrow funds upto Rs.200.00 crores in excess of the aggregate of the paid up capital and free reserves (other than temporary loans obtained from the company's bankers in the ordinary course of business).

In order to meet the increased long term fund requirements and for financing the present and future projects of the Company, the Board of Directors request the members to accord their consent to borrow funds upto Rs.200.00 crores in excess of the aggregate of the Company's paid up capital and free reserves in terms of Section 180(1)(c) of the Companies Act, 2013.

The Directors recommends the resolution for members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution

Item No. 8 :

As per the existing limits, the Board of Directors have powers to create charge on the movable and immovable assets of the company in favour of lending Financial Institution(s)/ Bank (s) etc.

The Directors recommends the resolution for members' approval as a Special Resolution pursuant to Section 180(1)(a) of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

For and on behalf of the Board of

M/s. Krebs Biochemicals and Industries Limited

Sd/-

Place: Hyderabad

Date: 28.11.2014

(Dr. R. T. Ravi)

Chairman & Managing Director

(DIN: 00272977)

Registered Office : Plot No. 34, 8-2-577/B, Road No. 2,

Banjara Hills, Hyderabad – 500034

Phone : 040-66037777, Fax : 040-66037755

Email id: cskrebsbiochem@gmail.com, Website: www.krebsbiochem.com

CIN: L24110TG1991PLC013511

**Directors Report :**

Dear Members,

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of your company for the period July 1, 2013 to September 30, 2014.

Financial Results : Rs. in lacs

Particulars	01.07.13 – 30.09.14	01.04.12 – 30.06.13
Net Sales	NIL	1,144.90
Other Income	2.13	614.17
Total Income	2.13	1,759.07
Expenditure	400.47	2,462.80
PBDIT	(398.34)	(703.73)
Loss on Sale of Assets	3.41	NIL
PBDIT (after Extra Ordinary Items)	(401.75)	(703.73)
Finance Charges	8.41	62.92
Depreciation	NIL	827.64
Profit / (Loss) before Tax	(410.16)	(1,594.29)
Exceptional Items	15.55	-
Deferred Tax Asset	(39.99)	74.02
Taxes of earlier years	NIL	NIL
Net Profit / (Loss) after Tax	(434.60)	(1,520.27)
Prior period adjustments	NIL	NIL
Profit after prior period adjustments	(434.60)	(1,520.27)
Add : Balance brought forward	(4,196.19)	(2,675.91)
Less : Transferred to General Reserve	NIL	NIL
Balance Carried to balance sheet	(4,630.79)	(4,196.18)

Overall Performance:

The total income of the company during the fifteen months period from July 1, 2013 to September 30, 2014 is Rs.2.13 lacs with no sales income compared to the previous accounting period year amounting to Rs. 1,759.07 lacs. There is a net loss of Rs.434.60 lacs for the current accounting period July 1, 2013 to September 30, 2014 as against a net loss of Rs.1,520.27 lacs for the accounting period 2012-13. The steep drop in income is attributed to the continuing closure of both the plants on account of lock out in Unit I and lay off in Unit II.

The company is undertaking a financial restructuring to revive the operations. The secured Debt of IDBI and Exim Bank were taken over by Edelweiss Asset Reconstruction Company and entered in to a Settlement agreement for the debt of Exim Bank and negotiating for settlement agreement for the debt of IDBI Bank. The secured debt of Syndicate Bank, Andhra Bank and J & K Bank have been assigned to Pinky Ventures Pvt. Ltd. Pinky Ventures Pvt. Ltd are negotiating for assignment of debt of United Bank of India in their favour.

Dividend :

No Dividend is proposed to be declared for the financial period July 1, 2013 to September 30, 2014.

Taxation :

No Income Tax is applicable for the financial period under review. Deferred Tax Liability of Rs.39.99 lacs are adjusted in the current Financial period.

Equity Capital :

The equity capital remains unchanged during the period July 1, 2013 to September 30, 2014.

Board of Directors :

Mr. Avinash Ravi, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Sri China Satyanarayana Ravi was appointed as an Additional Director of the Company with effect from 13th August, 2014. The Company has received notice from a member proposing to appoint Sri China Satyanarayana Ravi as Director of the Company.

Sri G. V. L. Prasad was appointed as an Independent Director under the erstwhile Companies Act, 1956 as Director of the Company liable to retire by rotation. Consequent to enactment of Companies Act, 2013



(effective from 1st April, 2014) and subsequent circulars and notifications issued by the Ministry of Corporate Affairs the aforesaid Director is being appointed as Director not liable to retire by rotation and to hold office for a period of 5 years upto 31st December, 2019.

The Board of Directors in their meeting held on 28.11.2014 decided to re appoint Mr. Avinash Ravi as the Whole Time Director of the Company with effect from 1st February, 2015 on the terms and conditions mentioned in the resolution set out in the Notice.

Further it is informed to the Members that Mr. P.Nagaraju, IDBI nominated Director, Ms. Dayachandras, EXIM Bank nominated Director and Mr. K.Rajendra Prasad, APIDC nominated Director have resigned from the Board. Accordingly, your Board of Directors extend their sincere regards for the contribution of Mr. P.Nagaraju, Ms. Dayachandras and Mr. K.Rajendra Prasad during their tenure as Nominee Directors and wished them the best in their future endeavour.

Directors Responsibility Statement :

Your Directors confirm in terms of Sec 217(2AA) of the Companies Act, 1956 on the basis of the documents and information available to them that:

- There has been no material departure from accepted accounting standards in the preparation of financial statements presented to you.
- The Directors have chosen only accepted accounting policies and have applied them consistently. The judgements and estimates made by them are prudent and reasonable to give a true and fair view of the state of affairs of the company as on 30th September, 2014 and of the results of operations for the financial year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the requirements of the Companies Act, 1956 and to safeguard the assets of the company and to prevent and detect any irregularities and frauds.
- The accounts presented are prepared on a going concern basis. The properties and assets of your company are adequately covered by insurance policies.

Auditors :

M/s. Pavuluri & Co., the Statutory Auditors of the company hold office until the conclusion of the 22nd Annual General Meeting. The said Auditors have furnished the Certificate of their eligibility for the appointment and intimated their consent and willingness for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act' 2013 and the Rules framed there under. It is proposed to appoint M/ s. Pavuluri & Co., as Statutory Auditors of the company from the conclusion of the 22nd Annual General Meeting till the Conclusion of 27th Annual General Meeting to be held in the year 2019, Subject to ratification of the Statutory Auditor's appointment at the subsequent Annual General Meetings.

Directors Comments on Auditors Report :

Sl. No.	Basis for Qualified Opinion	Explanation by the Board
1.	Reference is invited to Note 15 of the financial statements; the Company's Non Current Assets consist of Long Term Trade Receivables of Rs. 2,159.65 lacs. We are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by Rs. 2,159.65 lacs.	Due to the prevailing recessionary trend in the industry in the last 5 to 6 years, coupled with stoppage of operations and unable to supply the materials continuously significant portion of trade receivables remain uncollected. The management is of the opinion that no provision is necessary during the year against the above amount as the company is pursuing the matter. The management is putting efforts in collecting such overdue trade receivables over a period of time and hence no provision has been made.
2.	Reference is invited to Note 11 of the financial statements; the company has not provided the interest on Term Loans and Working Capital Loans for the current accounting period. Accordingly, the loss for the period would have been higher by Rs. 650.86 lacs.	Since the Term Loans are being taken over and assigned to Non banking Finance Companies, and being entered in to settlement agreements with these companies, the company has not provided the interest on term loans and working capital loans w.e.f. July 1, 2013.
3.	The company has not provided the depreciation for the accounting period from 1 st July, 2013 to 30 th September, 2014 since the assets are not put to use due to the closure of Nellore plant on account of lockout due to labour strike and Vizag plant on account of Lay Off. Had the company provided provision for the same, the loss for the period would have been higher by Rs.1,184.38 lacs.	Due to stoppage of operations of both the plants during the current accounting period on account of the employees at Unit II have been laid off as per law and Unit I was locked out due to illegal striking by employees, the depreciation on the assets of Unit II and unit I was not provided as these assets were not put to use.



Management Discussion and Analysis:

A report on the Management Discussion and Analysis is provided as part of this Annual Report.

Corporate Governance and Shareholders' information:

A report on Corporate Governance is provided as part of this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange:

Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I attached and forms part of this Report.

Employee Relations:

Due to the unfortunate situation where the products manufacturing could not happen due to the power shortage the employees at Unit II had been laid off as per law. Despite their huge contribution to the company the company was left with no choice but to take the above action. Also Unit I where the employees were illegally striking was locked out and all contract manufacturing activity also stopped from August 2013. Once the financial restructuring is undertaken, efforts will be made to resolve the issues with the employees and restart the operations.

Human Resources:

None of the persons employed during the financial year under review is required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Social Responsibility:

Due to complete stoppage of all operations at both the plants, the company's on going programme. As a responsible partner of society your company continues to participate in of corporate social responsibility have to a stop. We hope to reengage and resume such efforts once the operations come back to normalcy.

Acknowledgement:

We extend our appreciation and thanks to our customers, suppliers and investors for their support. We are also grateful for the continued cooperation extended by the Financial Institutions, Banks and Government Authorities to the company. The Board is most appreciative of the dedication and commitment extended by its employees at all levels and their contribution to the company despite the serious crisis faced by the company.

For and on behalf of the Board of

M/s. Krebs Biochemicals and Industries Limited

Sd/-

(Dr. R.T.Ravi)

Chairman & Managing Director

Place: Hyderabad

Date: 28.11.2014

**Annexure - I**

Information under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors Report.

Form - A

Form for disclosure of particulars with respect to conservation of energy

(a) Measures Implemented:**Unit - I**

1) No measures were implemented since the plant was closed during the financial period under review.

Unit - II

1) No measures were implemented since the plant was closed during the financial period under review.

(b) Measures proposed for energy conservation:

Since Both Units are closed no proposals are made during this financial year. As and when the operations resume a plan with proposals shall be worked out

(c) Impact of the above measures:**Unit - I**

There was no impact of the measures since the plants were closed.

Unit - II

There was no impact of the measures since the plants were closed.

	Particulars	01.07.13-30.09.14	01.04.12-30.06.13
1.	Power		
a)	Purchased		
	Units	NIL	46,48,461
	Amount (Rs.in lacs)	NA	302.15
	Rate per unit	NIL	6.50
b)	Own Generation		
i)	Units generated through DG Set	NIL	1,16,079
	Amount (Rs.in lacs)	NA	18.57
	Rate per unit	NIL	16.00
ii)	Units generated through TG Set	NIL	NIL
	Amount (Rs.in lacs)	NA	NA
	Rate per unit	NA	NA
2.	Coal Consumption in MT's	NIL	2,964
	Amount (Rs.in lacs)	NA	86.97
	Rate per M T Rs.	NA	2,934.00
3	Furnace Oil Consumption in KL's	NIL	NIL
	Amount (Rs.in lacs)	NA	NA
	Rate per KL Rs.	NA	NA

Consumption per Unit of Production:

Since the company manufactures different types of Active Pharmaceutical Ingredients and Intermediates, it is not practicable to give consumption per unit of production.

Form - B

Form for disclosure of particulars with respect to technology absorption

**A. Research and Development:**

Specific areas in which R & D was carried out by the company	Not carried out due to closure of both plants.
Benefits derived from above R & D Efforts.	No benefits due to closure of both the plants.
Future plan of action	A plan will be worked out after revival of operations.

(Rs. in Lacs)

Expenditure on R & D	01.07.13 -30.09.14	01.04.12 -30.06.13
Capital Expenditure	NIL	NIL
Revenue Expenditure	NIL	25.24
Total Expenditure	NIL	25.24
Total R & D Expenditure as % of Turnover	NA	2.20%

B. Technology absorption, adoption and innovation:

Efforts in brief towards technology absorption and adoption	N.A.
Benefits derived	N.A.
Information with regard to import of technology during last 5 years	There is no import of technology in the last 5 years.

Form - C

Foreign Exchange Earnings and Outgoings:

Particulars	01.07.13-30.09.14	01.04.12-30.06.13
a) Value of Imports on CIF Basis		
Import of Raw Materials	NIL	NIL
Stores & Spares	NIL	NIL
Capital Goods	NIL	NIL
b) Expenditure		
Travelling	NIL	2.07
Consultancy Fees	NIL	NIL
Product Development	NIL	1.81
c) Earnings in Foreign Exchange		
FOB Value of Exports	NIL	245.94
FOB Value of Plant & Machinery	NIL	NIL

For and on behalf of the Board of
M/s. Krebs Biochemicals and Industries Limited

Sd/-

(Dr. R.T.Ravi)

Chairman & Managing Director

Place: Hyderabad

Date: 28.11.2014

MANAGEMENT DISCUSSION AND ANALYSIS

Economy

The continuing global economic crisis is adding another layer of complexity to an already challenging market environment. India's economic growth began slowing because of a tight monetary policy, intended to address persistent inflation, and a decline in investment caused by investor pessimism about domestic economic reforms and the global situation.

Industry Structure and Developments:

Global Pharmaceutical Industry is expected to grow at 3-6% annually up to 2015 according to IMS Health estimates. Pharmaceutical industry is facing many challenges and uncertainties. This is putting pressure on the companies to focus on ways to increase the productivity and streamline the significant overheads. The industry continues to grow modestly, while adapting to unparalleled changes. A number of Big Generics based Pharmaceutical companies have emerged in India over the past decade and are driving the growth in the Pharmaceutical sector in India. India's own requirement of pharmaceuticals is seeing a steady and significantly higher than world average growth. This is the very reason large Pharma companies are eyeing the Indian market and trying to grab a slice of the pie by way of acquisitions and large marketing outlays.

The differentiation of Quality and Regulatory expertise is no longer valid in the Bulk Pharmaceuticals manufacturing. Only two differentiators are in force that can drive growth. Firstly Market outreach and ability to create partnerships and lastly technologies used in the manufacture of Bulk Pharmaceuticals.

We see that one of the above differentiators or a combination of the two will increasingly determine the sustainable growth and future of bulk pharmaceuticals manufacturing in India. High reliability on China for the Basic chemicals will be a significant risk in the short and medium term. We see that China is catching up on the Quality and Regulatory Aspects though the Intellectual Property worries are moving customers to India.

Strengths & Opportunities:

Our attempt to differentiate based on technology is seeing some success by way of attracting a good customer base which will lead to further business in the future. Our Infrastructure and Skill sets along with the Partnerships being built should put the company in growth mode. Moreover the successful completion of USFDA (United States of Food and Drug administration) audit and its approval for Unit-I is an added advantage for the Company to attract good customers.

The relatively smaller operations size allows us to be flexible with customer's changing requirements. We are one of the very few players having capabilities in Fermentation, Biocatalysis and Organic Synthesis allowing us to grab the opportunities requiring combination of these Skills.

Risks & Concerns:

The weak financial position of the Company coupled with adverse affect of Indian economy is a hurdle in delivering the timely completion of projects. Driving the company in success path by passing all the barricades is a major challenge for the Company in future years.

Company infrastructure:

Krebs operates from its Headquarters and Registered Office at Hyderabad. The company has two multi-purpose manufacturing facilities, Unit - I in Nellore and Unit - II in Anakapally (Vizag) with all support infrastructures like Utilities, environment management and safety systems.

Product Wise Performance

During the year under review your company recorded a net turnover of Rs. NIL compared to Rs. 1,144.90 lacs in the previous accounting Year registering a reduction on account of closure of both the manufacturing plants. Unit - I reported no revenues during the period under review compared to Rs. 614.17 lacs during the previous accounting year and on account of closure of the plant. As mentioned earlier Lovastatin and Simvastatin manufacturing has stopped at Unit - II due to Power Shortage in Andhra Pradesh. A detailed strategy to revive the operations by way financial restructuring followed by a complete product strategy for both the plants is being worked out as part of the rescue package.

**Internal Control Systems and their adequacy:**

The company has well defined internal control system that is adequate and commensurate with the size and nature of its business. Adequate internal controls are established to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition and all the transactions are authorized, recorded and reported correctly. The company monitors progress on the internal control audit reports and reviews progress through Audit committee Meetings regularly. Further the Management is proactive in implementing the recommendations made by the independent Audit Committee.

Discussion on Financial Performance with respect to Operational Performance:

The Financial statements are prepared under the Historical Cost Convention in accordance with Indian Generally Accepted Accounting Principles (GAAP) and the Provisions of the Company's Act, 1956 and as per the Accounting 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. 10.00 crores divided in to One Crore equity shares of Rs.10.00 each of which issued, subscribed and paid up capital is Rs.9.51 crores divided in to 95,14,286 Equity shares of Rs.10/- each. There is no other class of shares.

Reserves:

The reserves of the company decreased from Rs. (156.64) lacs to Rs.(556.09) lacs due to increased losses during the year.

Secured Loans:

The existing secured loans of Syndicate Bank, Andhra Bank and J & K Bank are assigned to M/s Pinky Ventures Pvt. Ltd during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans.

The existing secured loan of Exim Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans. The company has entered in to a restructuring agreement with EARC.

The existing secured loan of IDBI Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans.

Investments:

No investments were undertaken during the year under review.

Inventories:

The value of inventories have remained constant at Rs.3,082.44 lacs compared to the previous accounting year. The Raw Materials, Stores and spares are valued at cost and related inward transport and handling charges. Work in progress is valued at cost incurred up to the stage of manufacture. Cost of Finished Goods includes all direct costs and an appropriate portion of overheads as per accepted principles of accounting. Due to lock out at Unit I and lay off at Unit II no physical inspection of inventories was undertaken at the end of the accounting period.

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 reduction from Rs. 2,251.42 lacs to Rs. 2,221.57 lacs. 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.(5.59) Lacs which takes the total gross block to Rs.16,424.92 lacs as on 30.09.2014 against Rs.16,430.51 lacs as on 30.06.2013.

Depreciation:

The Company has not provided any Depreciation during the period under review since both the plants were closed as against Rs.827.64 Lacs in the previous year, on the assets, which is in accordance with the stated accounting policy of the Company. The company has not provided depreciation from 1st July 2013 amounting to Rs.1,184.38 lacs on the assets of its Unit I and Unit II due to the closure of the units. There is no change in the depreciation policy of the Company.

Raw Material:

A comprehensive sourcing strategy and inventory control will be put in place up on revival of operations.

Finance Charges:

The Financial Charges during the year amounted to Rs. 8.41 lacs as against Rs.62.93 lacs during the previous year. The company has not provided interest on term loans and working capital loans from 1st July, 2013 since the banks have issued notices under SARFASEI Act.

Overheads:

The Other Overheads are Rs.348.13 Lacs as against Rs.1,015.27 Lacs during the previous year. The decrease was mainly on account of decreased expenditure on account of no production activity in both the plants.

Dividend:

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

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 ongoing 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. These steps will continue up on revival of the operations.

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
M/s. Krebs Biochemicals and Industries Limited

Sd/-

(Dr. R.T.Ravi)

Chairman & Managing Director

Place: Hyderabad

Date: 28.11.2014



Form No. MGT – 9
Extract of Annual Return
as on the financial year ended on 30.09.2014

[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:

- i) CIN:L24110TG1991PLC013511
 ii) Registration Date:02.12.1991
 iii) Name of the Company : KREBS BIOCHEMICALS & INDUSTRIES LTD
 iv) Category / Sub – Category of the Company: Company Limited By Shares Indian Non Govt. Co
 v) Address of the Registered Office of the Company : Plot No:34, 8-2-577/B, Maas Heights,
Road No:8, Banjara, Hills, Hyderabad - 34
 vi) Whether Listed Company : YES
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Pvt. Ltd
Plot No:17-24, Vitalrao Nagar,
Madhapur, Hyderabad - 81

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 and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Lovastatin	29420090	NIL
2.	Simvastatin	29420090	NIL
3.			
4.			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Visakha Foods Pvt. Ltd	U15499AP2001PTC036776	Associate	Nil	NA

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	3080940	1667200	4748140	49.91	4534140	64000	4598140	48.33	1.58
b) Central Govt									
c) State Govt (s)									
d) Bodies Corporate									
e) Banks / FI									
f) Any other									
Sub Total (A) (1):	3080940	1667200	4748140	49.91	4534140	64000	4598140	48.33	1.58
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corporate									
d) Banks / FI									
e) Any other									
Sub Total (A) (2):									
Total Shareholding of Promoter (A) = (A) (1)+ (A) (2)	3080940	1667200	4748140	49.91	4534140	64000	4598140	48.33	1.58



B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	199495	-----	199495	2.10	142932	-----	142932	1.5	0.60
c) Central Govt									
d) State Govt (s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	-----	1300	1300	0.01	-----	1300	1300	1.5	-----
h) Foreign Venture Capital Funds									
i) Others (specify)									0.06
Sub Total (B) (1):	199495	1300	200795	2.11	142932	1300	144232	1.51	0.74
2. Non Institutions:									
a) Bodies Corporate	1661411	113501	1774912	18.66	1591266	113501	1704767	17.92	
i) Indian									
ii) Overseas									
b) Individuals									0.83
Individual shareholders holding nominal share capital upto Rs.1 lakh	517871	230000	74871	7.86	865756	230000	1095756	11.52	
Individual shareholders holding nominal share capital in excess of Rs.1 lakh									.08
Others (specify)	11630	150000	161630	1.70	19720	150000	169720	1.78	-2.17
Sub Total (B) (2):	3887135	678216	4565351	47.99	4112398	659516	4771914	50.16	-1.57
Total Public Shareholding (B) = (B) (1) + (B)(2)	4086630	679516	4766146	50.10	4255330	660816	4916146	51.67	
C. Shares held by Custodians for GDRs and ADRS									
Grand Total (A + B + C)	7167570	2346716	9514286	100	8789470	724816	9514286	100	-----

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of shares	% of the total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	% change in shareholding during the year
1	Avinash Ravi	1698304	17.85	72.43	1698304	17.85	100.00	-----
2	Aditya Ravi	1268320	13.33	-----	1118320	11.75	92.75	1.58
3	Hemalatha Ravi	894400	9.40	98.95	894400	9.40	99.89	-----
4	Ajay Ravi	632800	6.65	-----	632800	6.65	100.00	-----
5	Sunkara Hari Ranga Rao	110400	1.16	-----	110400	1.16	-----	-----
6	Sunkara Lakshmi Parvathi	79416	0.83	-----	79416	0.83	-----	-----
7	Sambasiva Rao Ravi	25000	0.26	-----	25000	0.26	-----	-----
8	Dr.R.T.Ravi	22900	0.24	-----	22900	0.24	-----	-----
9	MohdVahidullah	10000	0.11	-----	10000	0.11	-----	-----
10	Jawaharlal Jasthi	3500	0.04	-----	3500	0.04	-----	-----
11	Talasila Vijayalakshmi	2600	0.03	-----	2600	0.03	-----	-----
12	A.Ravi	500	0.01	-----	500	0.01	-----	-----
	TOTAL	4748140	49.91		4598140	48.33		1.58



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

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	4748140	49.91		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	4598140	48.33		

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

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	RANBAXY LABORATORIES LTD.				
	At the beginning of the year	1050000	11.04		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	1050000	11.04		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	K. SATISH				
	At the beginning of the year	28500	3.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	28500	3.00		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	A.P.I.D.C.				
	At the beginning of the year	250000	2.63		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	Nil	Nil		



Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	VIVENASRI FINANCIAL SERVICES PVT. LTD.				
	At the beginning of the year	110200	1.16		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	110200	1.16		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	RELIGARE FINVEST LTD.				
	At the beginning of the year	104401	1.10		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	104096	1.09		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	UNITED INDIA INSURANCE CO. LTD.				
	At the beginning of the year	81216	0.85		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	81216	0.85		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	B.H. NAGARAJU				
	At the beginning of the year	80000	0.84		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	80000	0.84		



Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8	MURTHY RAJU				
	At the beginning of the year	80000	0.84		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	80000	0.84		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	K. VENKATESWARLU				
	At the beginning of the year	70000	0.74		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	70000	0.74		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	SANTOSH INDUSTRIES LTD.				
	At the beginning of the year	67728	0.71		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	55000	0.51		

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	B. H. SAGARAJU				
	At the beginning of the year	30000	0.34		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	10000	0.11		



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	AVINASH RAVI				
	At the beginning of the year	1698304	17.85		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	1698304	17.85		

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2	DR. R.T. RAVI				
	At the beginning of the year	22900	0.24		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	22900	0.24		

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	G.V.L. PRASAD				
	At the beginning of the year	100000	1.05		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	100000	1.05		

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	R.CH. SATYANARAYANA				
	At the beginning of the year	1625	0.02		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying reasons for increase / decrease (e. g. Allotment / transfer / bonus / Sweat Equity etc.				
	At the end of the year	1625	0.02		

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding / accrued but not due for repayment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a) Principal amount	8,365.98	896.46	NIL	9,262.44
b) Interest due but not paid	144.28	----	NIL	144.28
c) Interest accrued but not due	-----	-----	NIL	-----
Total (a+b+c)	8,510.26	896.46	NIL	9,406.72
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	89.65	3.21	NIL	92.86
Net change	89.65	3.21	NIL	92.86
Indebtedness at the end of the financial year				
a) Principal amount	8,420.61	893.25	NIL	9313.86
b) Interest due but not paid	NIL	NIL	NIL	NIL
c) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (a+b+c)	8420.61	893.25	NIL	9313.86

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole Time Directors and / or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD / WTD / Manager			Total Amount
		Dr.R.T.Ravi	Avinash Ravi		
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	15.00 lacs	13.99 lacs		28.99 lacs
	(b) Value of perquisites u/s 17 (2) Income Tax Act, 1961	5.63 lacs	0.99 lacs		6.62 lacs
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961				
2	Stock Option	NIL	NIL		
3	Sweat Equity	NIL	NIL		
4	Commission	NIL	NIL		
	- as % of Profit				
	- others, specify				
5	Others, please specify	NIL	NIL		35.61 lacs
	Total (A)				
	Ceiling as per the Act	20.63 lacs	14.98 lacs		

B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		GVL Prasad	RCh. Satyanarayana		
	Independent Directors				
	• Fee for attending Board committee Meetings	5,000	5,000		10,000
	• Commission				
	• Others, please specify				
	Total (1)	5,000	5,000		10,000
	Other Non Executive Directors				
	• Fee for attending Board committee Meetings				
	• Commission				
	• Others, please specify				
	Total (2)				
	Total (B) = (1+2)	5,000	5,000		10,000
	Total Managerial remuneration				
	Overall ceiling as per the Act				



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary (a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961 (b) Value of perquisites under section 17 (2) of Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17 (3) of Income Tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify				
5.	Others, please specify				
	TOTAL				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority (RD / NCL / COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Report on Corporate Governance for the period 01.07.2013 to 30.09.2014 (Annexure to the Directors Report)

1. 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 sustainable growth in this competitive corporate world, 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, profitable growth and creating long-term value for the stakeholders.

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

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

2. Board of Directors:

The Board of Directors has been implementing the principles of Corporate Governance as envisaged in Clause 49 of the Equity Listing Agreement. Your Company's Corporate Governance framework is based on an effective, independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of Committees of the Board. The Board functions either as a full Board or through various Committees constituted to oversee specific operational areas.

2.1 Composition and Category of Directors

The Company has an Executive Chairman. The Board comprised of seven directors, two of whom are Executive and remaining are non-executive independent directors, which is in conformity with clause 49 of the listing agreement. The following is the composition of the Board of Directors:

Name of the Director	Designation	Category
Mr. Dr.R.T.Ravi	Chairman & Managing Director	Promoter & Executive Director
Mr.G.V.L.Prasad	Director	Non-executive and Independent Director
Mr.Avinash Ravi	Director and Chief Operating officer	Promoter & Executive Director
Mr.R.Ch.Satyanarayana	Director	Non-executive and Independent Director

2.2 Number & Dates of Board Meetings held during the period.

During the period under review, the Board has met 8 times i.e. on 26-08-2013, 08-11-2013, 29-11-2013, 13-02-2014, 15-05-2014, 30-06-2014, 13.08.2014 and 26.09.2014. Director's attendance at the Board and General Meetings held during the said period and number of other Directorship and Chairmanship/Membership of Committees of each Director in various companies is as follows:



Sl. No.	Name	No of Board Meetings during the year 2013-14		Whether attended last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
01	Mr. P. Nagaraju (IDBI Nominee)	8	2	---	1	1	---
02	Mr. K. Rajendra Prasad (APIDC Nominee)	8	3	---	---	02	---
03	Mrs. Daya Chandras (EXIM Bank Nominee Director)	8	1	---	---	---	---
04	Mr. G.V.L. Prasad	8	8	Yes	01	03	03
05	Mr. R.Ch. Satyanarayana Small Shareholders Director	8	8	---	01	03	---
06	Dr. R.T. Ravi Managing Director	8	3	---	01	02	---
07	Mr. Avinash Ravi - Director & COO	8	8	Yes	01	---	---

No Director holds Membership of more than 10 Committees of the Board nor is a Chairman of more than 5 Committees of the Board of all the companies in which he is a Director.

In addition to items which are required to be placed before the Board for their noting and/ or approval, the following information is also being provided to the Board:

1. Annual operating plans/ budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results of your Company and its operating divisions or business segments.
4. Minutes of meetings of the Audit Committee and other Committees of the Board.
5. The information on recruitment and remuneration of senior officers just below the Board level, including appointment/ removal of the Chief Financial Officer and the Company Secretary.
6. Show-cause, demand, prosecution and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, etc.
8. Any material default in financial obligations to and by the Company.
9. Any issue which involves possible public or product liability claims of substantial nature.
10. Details of any joint venture or collaboration agreement.
11. Any significant development in Human Resources.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

3. COMMITTEES OF BOARD

3.1 Audit Committee :

As required under section 292 A of the Companies Act 1956 and clause 49 of the Stock Exchange listing agreement, the Board constituted an audit committee. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee comprising of four independent directors and one executive Director met 5 times during the period i.e. on 26-08-2013, 08-11-2013, 13-02-2014, 15-05-2014 and 13-08-2014.

**Attendance of the members:**

Name	Designation	No of Meetings	
		Held	Attended
Mr.G.V.L.Prasad	Chairman	5	5
Dr.R.T.Ravi	Member	5	2
Mr.R.Ch.Satyanarayana	Member	5	4
Mr. P. Nagaraju	Member	5	2

The meetings of the Audit Committee were also attended by the Executive Director, Chief operating officer and statutory Auditor of the Company. The primary objectives of the Audit Committee are:

- * Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- * Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- * Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- * Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- * Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 7. Any related party transactions
- * Reviewing the company's financial and risk management's policies.
- * Disclosure of contingent liabilities.
- * Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- * Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- * Discussion with internal auditors of any significant findings and follow-up thereon.
- * Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board. § Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- * Reviewing compliances as regards the Company's Whistle Blower Policy.

3.2. Remuneration Committee:

The purpose of the Remuneration Committee shall be to discharge the Board's responsibilities relating to remuneration of the Company's Executive Directors. The Committee has overall responsibility for approving and evaluating and recommending plans, policies and programs relating to remuneration of Executive Directors of the Company.



Details of Remuneration to Directors

Executive Directors

Name	Salary	PF	Perks	Total (Rs)
Dr. R .T. Ravi	15,00,000	—	562,500	20,62,500
Avinash Ravi	13,99,200	—	99,000	14,98,200

Non-Executive Directors

The company has no policy of stock options as incentives. The non-executive directors are remunerated by paying sitting fees within the limits prescribed by the Central Government. They are paid separately for professional services as and when the company avails the same. Non Executive Directors hold the shares in their individual capacities. The details of sitting fees paid to them during the period are as follows:

Name	Designation	No of Shares held	Sitting Fees paid (Rs)
Mrs.DayaChandrasahas(EXIM)	Director	—	—
Mr.P. Nagaraju(IDBI)	Director	—	—
Mr. K RajendraPrasad(APIDC)	Director	—	—
Mr. G .V. L. Prasad	Director	100,000	10,000/-
Mr. R.Ch. Satyanarayana	Director	250	10,000/-

Terms of reference of the RCC:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director or other key employees of the Company and while approving:

- * To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- * To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

3.3. Share Holders Committee:

A) Composition, meetings and the attendance during the year:

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category
Mr. G. V. L. Prasad	Chairman	NED (I)
Dr. R. T. Ravi	Member	PE

NED (I) : Non Executive Independent Director

PE : Professional Executive Director

B) Powers :

The committee has been delegated with the following powers:

- * To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- * To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- * Consolidate and sub-division of share certificate etc.
- * To redress, approve and dispose off any, other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.



The Board has designated Mr. Avinash Ravi, Director and COO as the Compliance Officer.

The Company has designated an exclusive e-mail ID cskrebsbiochem@gmail.com for redressal of shareholders' complaints/grievances.

Complaints received and redressed by the Company during the financial year:

During the year no complaints were received.

Sl.No	Particulars	Remarks
1.	At the beginning of the year	NIL
2.	Received during the year	2
3.	At the end of the year	NIL

4. General Body Meetings

Details of previous three Annual General Meetings:

AGM	Year	Venue	Date & Time	Special Resolutions Passed
21 st	2012-13	10-1-124, Ivory Room, Golconda Hotel, Masab Tank, Hyderabad- 500028	21.12.2013 11.00 A.M	NIL
20 th	2011-12	10-1-124, Ivory Room, Golconda Hotel, Masab Tank, Hyderabad- 500028	26.09.2012 11.00 A.M	Yes – Alteration of Articles of Association allowing participation of members and directors in meetings through video conferencing mode.
19 th	2010-11	10-1-124, Ivory Room, Golconda Hotel, Masab Tank, Hyd.	29.09.2011 11.30 A.M	Nil

POSTAL BALLOT

No Special resolution requiring postal ballot was passed at the previous Annual General Meeting and no such resolution is proposed at the ensuing Annual General Meeting.

5. Disclosures

i. Disclosures on material Significant Related Party Transactions

There have not been any materially significant related party transactions i.e. transactions of the company of materialistic nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc... that may have potential conflict with the interests of the company at large.

ii. Cases of Non-Compliances / Penalties

NSE revocation of Suspension: As per the procedure, before revocation of suspension, NSE has placed your company under observation to ensure compliance in all respects. The Company is awaiting response from NSE.

iii. Risk Management

The committee is entitled to seek records and information from all the employees in the company and also to receive complaints in confidence.

6. Means of Communication

Regarding dissemination of information to shareholders the company adopts an open policy. In addition to attending to complaints and grievances immediately, the company also supplies any information sought by members without delay. Opportunity is also given to members to seek information at the time of general meetings. The information revealed to the public and investors is fully detailed in the regulations made by SEBI and stock exchanges. The same is being complied with scrupulously.

The company publishes the unaudited results quarterly as prescribed under the rules in the press and also on the website. They are also sent to the stock exchanges where the shares of the company are listed. The audited accounts are sent to all the stock exchanges and kept on the company website www.krebsbiochem.com. The company website is currently under renovation and will be operational soon. In addition, members are always welcome to seek any information and their requests are attended to immediately.

7. General Share Holder Information :

Annual General Meeting	Day: Wednesday Date: 31 st December, 2014 Time:11.00 A.M.
Venue	KLN Prasad Auditorium, FAPPCI, Red Hills, Hyderabad – 500004
Financial Year	1 st July, 2013 to 30 th September, 2014
Book Closure Date	25.12.2014 to 31.12.2014
Dividend Payment Date	Not applicable as no dividend is declared
Listing on Stock Exchanges	a. Bombay Stock Exchange Ltd b. National stock Exchange Ltd
Stock Code	BSE - 524518
	NSE - Krebsbio
ISIN No	INE268B01013

8. Stock price data:

Monthly high and low quotations as well as the volume of shares traded at The Bombay Stock Exchange, Mumbai for the period 01.04.2012 to 30.06.2013 are:

Month	High Price	Low Price	Volume
Jul 13	14.58	9.74	5,260
Aug 13	11.80	10.46	432
Sep 13	12.63	10.91	181
Oct 13	13.29	10.87	1,687
Nov 13	11.70	9.51	6,845
Dec 13	12.14	9.42	14,271
Jan 14	16.48	11.70	29,584
Feb 14	23.00	16.30	77,302
Mar 14	19.65	16.25	30,828
Apr 14	24.60	18.00	34,338
May 14	24.75	18.50	59,972
Jun 14	21.50	18.85	25,810
Jul 14	33.60	19.70	1,49,074
Aug 14	34.00	27.00	29,951
Sep 14	50.50	26.30	2,24,981

9. Performance in comparison with BSE Sensex and NSE Nifty:

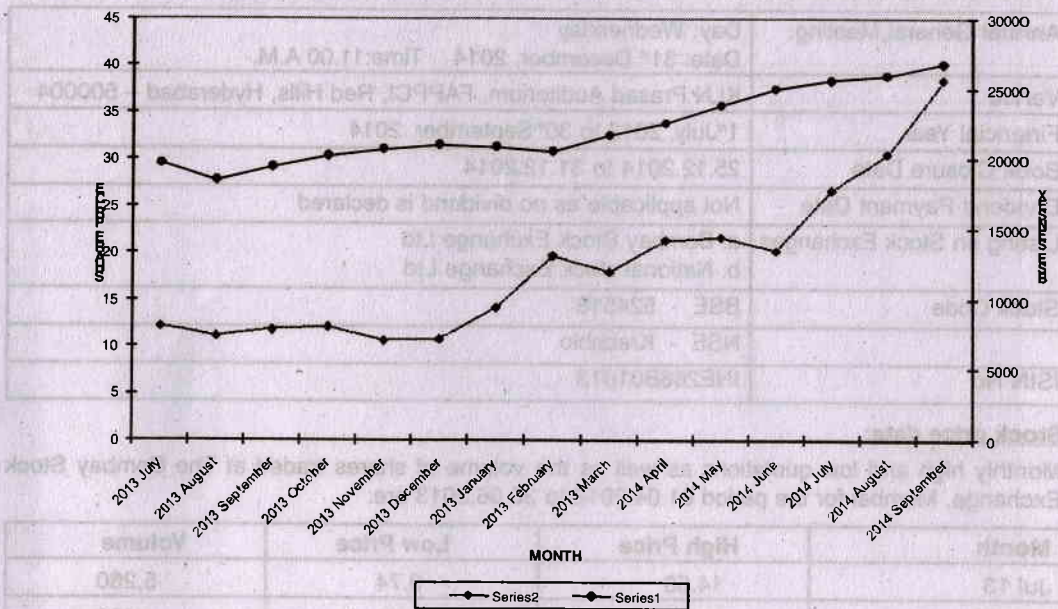
a. There were no quotations pertaining to the National Stock Exchange as the Exchange suspended trading in the shares because of pending of an application of Revocation of Suspended Trading with NSE.

b. BSE Sensex Vs Krebs Price

Category	Price	Volume	Category	Price	Volume
10001 - 10000	100.00	10000	10001 - 10000	100.00	10000
10002 - 10000	100.00	10000	10002 - 10000	100.00	10000
10003 - 10000	100.00	10000	10003 - 10000	100.00	10000
10004 - 10000	100.00	10000	10004 - 10000	100.00	10000
10005 - 10000	100.00	10000	10005 - 10000	100.00	10000
10006 - 10000	100.00	10000	10006 - 10000	100.00	10000
10007 - 10000	100.00	10000	10007 - 10000	100.00	10000
10008 - 10000	100.00	10000	10008 - 10000	100.00	10000
10009 - 10000	100.00	10000	10009 - 10000	100.00	10000
10010 & ABOVE	100.00	10000	10010 & ABOVE	100.00	10000
Total	100.00	10000	Total	100.00	10000



COMPARITIVE GRAPH



10. Share Transfer System:

Share transfers and dematerialization request will be registered/approval and returned with the statutory period from the date of receipt if the documents are clear and complete in all respects.

11. Shareholding pattern:

Category	30 th September, 2014			30th June, 2013		
	No of share holders	No of Shares held	Voting Strength %	No of share holders	No of Shares held	Voting Strength %
Individuals	6261	3068447	32.25	6634	2989412	31.41
Companies	185	1704767	17.92	189	1774912	18.66
FIs/fls/Banks	3	142932	1.50	4	1822	0.02
Promoters & their relatives	12	4598140	48.33	12	4748140	49.91
Totals	6461	9514286	100.00	6839	9514286	100.00

1. Distribution of Share holding at the end of 30thSeptember, 2014:

Sl. No	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	5720	88.53	7970220.00	8.38
2	5001 - 10000	381	5.90	3014390.00	3.17
3	10001 - 20000	169	2.62	2527690.00	2.66
4	20001 - 30000	66	1.02	1687290.00	1.77
5	30001 - 40000	23	0.36	826230.00	0.87
6	40001 - 50000	23	0.36	1104070.00	1.16
7	50001 - 100000	35	0.54	2559290.00	2.69
8	100001 & ABOVE	44	0.68	75453680.00	79.31
	Total:	6461	100.00	95142860.00	100.00



13. Dematerialization of Shares and Liquidity as on 30-09-2014:

Total shares dematerialized as on 30th September, 2014 is 87,89,470 amounting to 92.38 percent of total shares.

Mode of Holding	Shares	
	Total	%
PHYSICAL	7,24,816	7.62
DEMAT		
- NSDL	50,36,316	52.93
- CDSL	37,53,154	39.45
Total :	95,14,286	100.00

14. There are no Outstanding DGRs/ADRs/Warrants or any convertible instruments. Hence there is no conversion date and there is no impact on equity.

15. Plant Locations:

1. Unit -I

Regadichelika, Talamanchi Panchayat,
Racharlapadu Post, Nellore Dist., 524316.

2. Unit -II

Kothpalli Village, Verdruparthy post,
Kasimkota Mandal, Visakhapatnam Dist. 531031

16. Correspondence Address:

Krebs Biochemicals & Industries Ltd ,

Plot No 34, 8-2-577/B, Maas Heights, Road No:8, Banjara Hills,
Hyderabad - 500 034

Tel : +91-40-66037777, Fax: 040 - 6603 7755

Email: cskrebsbiochem@gmail.com

17. Registrars and Transfer Agents:

Karvy Computershare Pvt. Ltd.

Plot No.17-24 ,Vittalrao Nagar, Madhapur, Hyderabad 500 081

Tel : +91-40-44655276, Fax : +91-40-2343 1551

E.mail : einward.ris@karvy.com They are the Registrars and Transfer Agents for both the physical and dematerialized shares.

Note: Shareholders holding shares in electronic mode should address all their correspondence (with regard to change of address, correction of name, bank details etc.) to their respective depository participant.

For and on behalf of the Board of
M/s. Krebs Biochemicals and Industries Limited

Sd/-

(Dr. R.T.Ravi)

Chairman & Managing Director

Place: Hyderabad

Date: 28.11.2014



CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE FROM CHAIRMAN AND COO

To
The Board of Directors of
KREBS BIOCHEMICALS & INDUSTRIES LTD.

We, **Dr. R. T. RAVI**, Chairman, and **Avinash Ravi**, Director & COO, responsible for the finance function certify that:

1. We have reviewed the financial statements and cash flow statement for the period ended 30th September, 2014 and to the best of our knowledge and belief.
 - a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting standard, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the period ended 30th September, 2014 are fraudulent, illegal or volatile of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been, disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee
 - a) There has not been any significant change in internal control over financial reporting during the year under reference;
 - b) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - c) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Krebs Biochemicals & Industries Ltd

Sd/-

Dr. R.T.Ravi

Chairman & Managing Director

Sd/-

Avinash Ravi

Director & COO

Place: Hyderabad

Date: 28.11.2014



Auditor's Certificate on Corporate Governance

To the members of Krebs Bio chemicals & Industries Limited

We have examined the compliance of conditions of Corporate Governance by Krebs Biochemicals & Industries Limited, (the Company) for the year fifteen months ended on 30th September 2014, as stipulated in Clause 49 of the listing agreements entered by the Company with the Stock Exchanges.

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 statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements as applicable to 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.

For PAVULURI & Co.
Chartered Accountants
Firm Regn No.012194S

(CA N RAJESH)
PARTNER
M.No.223169

Place: Hyderabad
Date: 28.11.2014



INDEPENDENT AUDITOR'S REPORT

To the members of,
M/s.KREBS BIOCHEMICALS & INDUSTRIES LTD,

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. KREBS BIOCHEMICALS & INDUSTRIES LTD, which comprise the Balance Sheet as at September 30, 2014, the Statement of Profit and Loss and Cash Flow Statement for the fifteen months period ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting Standards notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013, dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- (1) Reference is invited to Note 15 of the financial statements; the Company's Non Current Assets consist of Long Term Trade Receivables of Rs 2159.65 lacs. We are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the Company provided provision for the same, the loss for the period would have been higher by Rs.2,159.65 lacs.
- (2) Reference is invited to Note 11 of the financial statements; the company has not provided the interest on Term Loans and Working Capital Loans for the current accounting period. Accordingly, the loss for the period would have been higher by Rs.650.86 lacs.



- (3) The company has not provided the depreciation for the accounting period from 1st July 2013 to 30th September 2014 since the assets are not put to use due to the closure of Nellore plants on account of lock out due to labour strike and Vizag plant on account of lay off. Had the Company provided provision for the same, the loss for the period would have been higher by Rs1184.38 lacs.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2014;
- In the case of the Statement of Profit and Loss, of the loss for the fifteen months period ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the fifteen months period ended on that date.

Report on Other Legal and Regulatory Requirements:

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - in our opinion, the Balance Sheet comply with the Accounting Standards notified under the act read with the general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of Companies Act 2013;
 - On the basis of written representations received from the directors as on September 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - Since the Central Government has neither issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the said Section prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-

(CA N RAJESH)

PARTNER

M.No : 223169

Place: Hyderabad

Date : 28.11.2014

**ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph 1 of report on other legal and regulatory requirements of the auditors' report of even date to the members of Company on the financial statements for the year ended 30th September, 2014)

1. (a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
(c) According to the information and explanations furnished to us, the Company has not disposed of a substantial part of its fixed assets during the year.
2. (a) The inventories have not been physically verified by the management during the year due to closure of the plants.
(b) Since the inventories have not been physically verified by the management during the year, the points relating to reasonableness of physical verification procedures and discrepancies noticed on physical verification are not applicable.
3. In our opinion, the Company has neither granted nor taken any loans to/from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (b), (c) & (d) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
5. (a) In our opinion and according to the information and explanation given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
(b) In our opinion and according to the information and explanation given to us, there are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party.
6. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits as defined under section 58A of the Companies Act 1956.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.
9. (a) According to the books and records of the company, the company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Corporate dividend Tax and other Statutory dues with appropriate authorities. According to the information and explanations given to us, there are undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 30th September, 2014 for a period exceeding six months from the date they became payable.



Sr No	Nature of undisputed statutory Dues	Amount in Rs.
1	Provident Fund Payable	1,95,37,038
2	ESI Payable	16,47,386
3	Professional Tax Payable	7,47,540
4	TDS Payable	55,52,290
5	Service Tax Payable	1,90,053
6	Excise Duty Payable	51,80,230
7	Provision for tax on distributed profits	17,35,443
	Total	3,45,89,980

(b) Disputed Service Tax, Income Tax & Sales Tax not deposited, has been disclosed in note no: 32 as 'Contingent Liabilities not provided for'.

Name of the Statute	Nature of the Dues	Amount(Rs.)	Deposit Amount(Rs)	Forum where dispute is pending
The Central Excise Act 1944	Service Tax	3,33,650	Nil	Central Excise and Service Tax Appellate Tribunal, Bangalore
AP VAT Act	Sales Tax	2,20,30,735	Nil	ADC Guntur
Income Tax Act	Income Tax	3,15,52,734	Nil	AP High Court

10. The company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. Also it has incurred cash loss during the fifteen months period covered by our audit and has incurred cash loss in the immediately preceding accounting year.
11. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of its dues to banks and financial institutions. However at end of the accounting period, all the existing dues of the banks and financial institutions except United Bank have been taken over by Pinky Ventures Pvt Ltd and Edelweiss Asset Reconstruction Company. The details of the same were provided in Note no 6 of the financial statements.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanation given to us, during the financial period the company has not made a preferential allotment of shares.
19. No debentures have been issued by the company and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any money by way of public issues during the year.
21. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For PAVULURI&Co.
Chartered Accountants
Firm Regn No.012194S
Place : Hyderabad
Date : 28.11.2014

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


KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
BALANCE SHEET AS AT 30TH SEPTEMBER, 2014
(Rs in Lakhs)

PARTICULARS	Note.	As at	
		30.09.2014	30.06.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
Share capital	4	951.43	951.43
Reserves and surplus	5	(591.24)	(156.64)
		360.19	794.79
(2) Non-current liabilities			
Long-term borrowings	6	2,301.93	5,704.58
Long-term provisions	8	201.59	199.52
		2,503.52	5,904.10
(3) Current liabilities			
Short-term borrowings	9	347.94	1,872.99
Trade payables	10	1,979.17	1,974.87
Other current liabilities	11	8,397.37	3,192.06
Short-term provisions	12	189.89	23.57
TOTAL		10,914.37	7,063.50
		13,778.08	13,762.38
II. ASSETS			
(1) Non-current assets			
Fixed assets			
(i) Tangible assets	13A	5,058.48	5,063.20
(ii) Intangible assets under development	13B	712.61	712.61
Deferred Tax asset (Net)	7	131.30	171.29
Long-term loans and advances	14	1,835.05	1,813.13
Other Non-current assets	15	2,159.65	2,159.65
		9,897.09	9,919.88
(2) Current assets			
Inventories	16	3,082.44	3,082.44
Trade receivables	17	61.92	91.77
Cash and cash equivalents	18	35.61	32.85
Short-term loans and advances	19	701.02	633.69
Other current assets	20	-	1.76
TOTAL		3,880.99	3,842.51
		13,778.08	13,762.39
Notes forming part of financial statements	1-42		

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 28.11.2014

For and on behalf of the Board of Directors

Sd/-

Dr.R.T Ravi

Chairman & Managing Director

Sd/-

Avinash Ravi

Director & COO


KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
STATEMENT OF PROFIT & LOSS FOR THE FIFTEEN MONTHS ENDED 30TH SEPTEMBER, 2014

(Rs in lakhs except share data)

PARTICULARS	Note.	15 months ended	
		30.09.2014	30.06.2013
INCOME :			
Revenue from operations	21	-	1,144.90
Other income	22	2.13	614.17
I Total Revenue		2.13	1,759.07
II EXPENDITURE :			
Cost of material consumed	23	1.11	598.97
Changes in inventories of finished goods Work-in-progress and Stock-in-trade	24	-	(59.58)
Employee benefits expense	25	54.64	908.14
Finance costs	26	8.41	62.93
Depreciation	13	-	827.64
Other expenses	27	348.13	1,015.27
Total Expenses		412.29	3,353.37
III Profit before tax (I - II)		(410.16)	(1,594.30)
IV Exceptional items:			
Excess provision of earlier period written back		15.55	-
V Tax expenses:			
Current tax		-	-
Deferred tax		39.99	(74.02)
VI Profit/(Loss) for the period (III-IV)		39.99	(74.02)
VII Earnings per equity share of par value Rs 10/- each		(434.60)	(1,520.28)
Basic		(4.57)	(15.98)
Diluted		(4.57)	(15.98)
VIII No. of shares used in computing earnings per share			
Basic		9,514,286	9,514,286
Diluted		9,514,286	9,514,286
Notes forming part of financial statements	1-42		

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 28.11.2014

For and on behalf of the Board of Directors

Sd/-

Dr.R.T Ravi

Chairman & Managing Director

Sd/-

Avinash Ravi

Director & COO


KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
Cash Flow Statement for the fifteen months ended 30.09.2014

PARTICULARS	(Rs in lacs)	
	15 months ended 30.09.2014	15 months ended 30.06.2013
Net Profit before tax and extraordinary items	(410.16)	(1594.29)
Adjustments for:		
Depreciation	-	827.64
Financial Charges	8.41	62.92
Exceptional Items	15.55	-
Interest received /Other Income	(2.13)	(614.17)
Operating Profit before Working Capital Changes	(388.33)	(1,317.90)
Changes in Working Capital	-	-
(Increase)/Decrease in Trade Receivables	29.85	662.84
(Increase)/Decrease in Inventories	-	(33.87)
(increase)/Decrease in Long Term Loans & Advances	(21.92)	(26.39)
(increase)/Decrease in Short Term Loans & Advances	(67.33)	(200.61)
(increase)/Decrease in Other Current Assets	1.76	1.50
Increase/(Decrease) in Long Term Provisions	2.07	25.30
Increase/(Decrease) in Short Term Provisions	166.32	7.23
Increase/(Decrease) in Trade Payables	4.30	(758.94)
Increase/(Decrease) in Other Current Liabilities	5,349.57	1,559.68
Cash generated from Operations	5,464.62	1,236.74
Financial Charges paid	(152.69)	(62.92)
Direct Taxes paid	-	(10.99)
Net Cash provided/(Used) from operating activities	4,923.60	(155.08)
(Increase) / Decrease of Fixed Assets	4.73	(60.56)
(Increase) / Decrease of Capital Work-in-Progress	-	-
Interest Received/Other Income	2.13	614.17
Net Cash used in Investing Activities	6.86	553.61
Proceeds from long term borrowings	(3,402.65)	(764.82)
Increase/(Decrease) in Utilisation of Working Capital Loans	(1,525.05)	355.99
Increase/(Decrease) in Share Capital	-	-
Increase/(Decrease) in Share Premium	-	-
Increase/(Decrease) in Share Warrants	-	-
Net Cash provided/(Used) from financing activities	(4,927.70)	(408.84)
Net Increase in Cash and Cash equivalents	2.76	(10.30)
Cash and Cash equivalents as at the commencement of the year	32.86	43.16
Cash and Cash equivalents as at the close of the year	35.62	32.86

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 28.11.2014

For and on behalf of the Board of Directors

Sd/-

Dr.R.T Ravi

Chairman & Managing Director

Sd/-

Avinash Ravi

Director & COO



NOTES to the Financial Statements for the 15 months ended 30th September, 2014

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, Vishakapatnam (Dist)

2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous years.

3 Significant accounting policies

3.1 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

3.2 Inventories

Raw Materials & Work-In-Progress are valued at cost and Finished Goods are valued at lower of the cost or net realisable value.

3.3 Depreciation and amortisation

Depreciation has been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 up to December, 2012 in respect of Unit - II and up to June, 13 in respect of Unit - I during the Financial year ending 30.06.2013. The depreciation not provided in the books for the Accounting Year ending 30th Sept 2014 in respect of both the units amounting to Rs.1184.38 lacs.

3.4 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This coincides with the passing of possession to the buyer.

3.5 Expenditure

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

3.6 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.



Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

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.

3.7 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. Final amount of loan will be arrived at only on completion of sales tax assessments.

3.8 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 the revised Accounting Standard 11 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.

3.9 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

3.10 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



3.11 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

3.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

3.13 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.

3.14 R & D Expenditure

Expenditure in the nature of capital items is debited to respective fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

3.15 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.

3.16 Excise Duty

Excise Duty on closing stock of Finished Goods has been provided in the accounts and corresponding increase in closing stock valuation has been given effect.



NOTE - 4
Share Capital

(All the figures are in lacs unless otherwise stated)

	As at 30.09.2014		As at 30.06.2013	
	No. of Shares	Amount	No. of Shares	Amount
I. Authorised:				
Equity shares of Rs 10 each with voting rights	100.00	1,000.00	100.00	1,000.00
II. Issued, Subscribed and Paid up:				
Equity shares of Rs 10 each with voting rights	95.14	951.43	95.14	951.43
	95.14	951.43	95.14	951.43

a) Terms/ rights attached to equity shares

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. The dividends recommended by the Board of Directors, if any are subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of shares held.

b) Reconciliation of shares outstanding at the end of the reporting period

	As at 30 September, 2014		As at 30 June, 2013	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares with voting rights:-				
Opening Balance	95.14	951.43	95.14	951.43
Preferential Allotment (*)	-	-	-	-
Closing Balance	95.14	951.43	95.14	951.43

c) Details of shares held by each shareholder holding more than 5% shares :

Names of share holders	As at 30 September, 2014		As at 30 June, 2013	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Avinash Ravi	16.98	17.85%	16.98	17.85%
Aditya Ravi	11.18	11.75%	12.68	13.33%
Hemalatha Ravi	8.94	9.40%	8.94	9.40%
Ajay Ravi	6.33	6.65%	6.33	6.65%
Ranbaxy Laboratories Ltd	10.50	11.04%	10.50	11.04%
	53.94	56.69%	55.44	58.27%



NOTE - 5

Reserves and Surplus

(Rs. in Lacs)

	As at 30 September, 2014		As at 30 June, 2013	
Share Premium Account				
As at Commencement of the Year	4,000.17	-	4,000.17	-
Add : Received on further issue of shares	-	4,000.17	-	4,000.17
State Subsidy				
As at Commencement of the Year	39.38	-	39.38	-
Add : Additions during the year	-	39.38	-	39.38
Profit and Loss Account				
As at Commencement of the Year	(4,196.19)	-	(2,675.90)	-
Add : Transferred from Profit & Loss Account	(434.60)	(4,630.79)	(1,520.29)	(4,196.19)
		(591.24)		(156.64)

NOTE - 6

Long Term Borrowings

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
A) Secured Loans		
Long Term Loans - From Banks		
(i) Industrial Development Bank of India	-	1,525.41
(ii) Syndicate Bank	-	496.53
(iii) Export and Import Bank of India	-	1,340.22
(iv) United Bank of India	-	251.82
(v) Andhra Bank	-	752.15
(vi) The Jammu & Kashmir Bank Limited	-	503.61
(vii) Edelweiss Asset Reconstruction Co	-	-
	1,500.00	4,869.74
B) Unsecured Loans		
Long Term Loans - Others		
(viii) Artemis Biotech	70.00	70.00
(ix) Sainor Labs Pvt. Ltd - ICD	310.00	310.00
(x) Interest Free Sales Tax Loan	421.93	454.84
	801.93	834.84
Total Long Term Borrowings	2,301.93	5,704.58
Current maturities (Shown under Current liabilities)		
Secured Loans		
(i) Industrial Development Bank of India	-	508.47
(ii) Syndicate Bank	-	165.51
(iii) Export and Import Bank of India	-	446.74
(iv) United Bank of India	340.21	83.94
(v) Andhra Bank	-	250.72
(vi) The Jammu & Kashmir Bank Limited	-	167.87
(vii) Edelweiss Asset Reconstruction Co	2,180.42	-
(viii) Pinky Ventures Pvt. Ltd	4,052.04	-
	6,572.67	1,623.25
Unsecured Loans		
(vii) Cholamandalam DBS Finance Ltd	0.55	3.48
(x) HDFC Bank	1.15	1.43
(xi) Interest Free Sales Tax Loan	89.62	56.72
	91.32	61.63
Total current maturities of Long Term Borrowings	6,663.99	1,684.87



- a) All the installments 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' under Note - 11, 'Other Current Liabilities'.
- b) The existing secured loans of Syndicate Bank, Andhra Bank, J & K Bank are assigned to M/s Pinky Ventures Pvt. Ltd (Non Banking Finance Company) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans. Therefore the existing outstanding loans of these banks in the books have been transferred to M/s Pinky Ventures Pvt. Ltd and shown under the head Current maturities of Long term Borrowings. This loan is secured by first charge on all movable and immovable fixed assets both present and future of the Company and pari passu second charge on the stocks of Raw-materials, Work-in-Progress, Finished Goods, Stores and Spares and book debts both present and future of the company. The loans are further secured by irrevocable and unconditional personal guarantees of the Promoters.
- c) The existing secured loan of Exim Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) (Non Banking Finance Company) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans. The company has entered in to a restructuring agreement with EARC on the following terms: i) upfront payment of Rs.50 lacs was paid in July 14 ii) Rs.16.00 Crores is payable to EARC, Rs.1.00 Crore is payable before Sep, 2015 and is classified as current maturities of Long Term Borrowings. Out of the remaining balance of Rs.15.00 Crores, Rs. 1.00 Crore is payable in 2 quarterly instalments of Rs.50.00 lacs each and the remaining Rs.14.00 crores is payable in quarterly instalments of Rs.1.00 crore each ending with 30.09.2019. iii) For the balance of Rs.1.76 Crores the promoter had transferred 1.50 lacs equity shares of the company.
- d) The existing secured loan of IDBI Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) (Non Banking Finance Company) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans. Therefore the existing outstanding loans of this bank in the books has been transferred to M/s Edelweiss Asset Reconstruction Co.(EARC) and shown under the head Current maturities of Long term Borrowings.. This loan is secured by first charge on all movable and immovable fixed assets both present and future of the Company and pari passu second charge on the stocks of Raw-materials, Work-in-Progress, Finished Goods, Stores and Spares and book debts both present and future of the company. The loan is further secured by irrevocable and unconditional personal guarantees of the Promoters.

NOTE - 7**Net Deferred Tax Liability / (Asset)**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
On Depreciation (Difference of as per Books & as Per Income Tax Act)	(128.77)	(112.25)
On Accrued compensation to employees	(2.53)	(59.04)
	(131.30)	(171.29)

NOTE - 8**Long Term Provisions**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Provision for employee benefits		
- Provision for Gratuity (net)	201.59	199.52
	201.59	199.52

NOTE - 9**Short Term Borrowings**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Secured Loans		
Working capital loans - From Banks		
---- Andhra Bank	-	953.57
---- The Jammu & Kashmir Bank Limited	-	571.48
---- United Bank of India	347.94	347.94
	347.94	1,872.99

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Note : The existing secured loans of Andhra Bank, Jammu & Kashmir Bank are taken over by M/s Pinky Ventures Pvt. Ltd (Non Banking Finance Company) during the current accounting period together with all the rights, title and interest, pledges and guarantees in respect of such loans. Therefore the existing outstanding loans of these banks in the books have been transferred to M/s Pinky Ventures Pvt. Ltd and shown under the head Current Laibilities.

NOTE - 10

Trade Payables

(Rs. in Lacs)

	As at 30 September, 2014		As at 30 June, 2013	
Dues to other than Micro and Small Enterprises				
Creditors for Materials	1,910.16		1,911.38	
Creditors for Services	69.01		63.48	
		1,979.17		1,974.87
		1,979.17		1,974.87

NOTE - 11

Other Current Liabilities

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
(i) Interest accrued and due on borrowings	-	144.28
(ii) Other payables		
Current maturities of long term borrowings (Refer Note 5)	6,663.99	1,684.87
Statutory remittances	345.90	307.71
Payables on purchase of fixed assets	54.04	52.61
Payables for expenses	688.47	404.41
Salaries Payable	576.75	554.10
Audit Fees Payable	13.60	11.07
Directors Remuneration Payable	36.93	15.33
Advance from customers	17.68	17.68
	8,397.37	3,192.06

Note: The interest accrued and due for borrowings include interest dues up to March, 2012 for term loans were transferred to the respective loan accounts during the current accounting year. Since the banks have with drawn from CDR package and sent notices under SARFASEI Act, the company has not provided interest on term loans and working capital loans from 1st April, 2012 to 30th June, 2013 amounting to Rs. 887.62 lacs and Rs.265.02 lacs respectively. The secured loans of Syndicate Bank, Andhra bank and J & K Bank are assigned to Pinky Ventures Pvt. Ltd and the secured loans of IDBI and Exim Bank are taken over by Edelweiss Asset Reconstruction co and the interest on these loans are not provided by the company from 1st July, 2013 to the date of assignment amounts to Rs.650.86 lacs.

NOTE - 12

Short Term Provisions :

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Provision for bonus	13.32	23.57
Other Provisions	176.57	
	189.89	23.57



KREBS BIOCHEMICALS & INDUSTRIES LTD

NOTE- 13 : Fixed Assets

	Gross Block			Accumulated Depreciation			Net Block				
	Balance as at 1 July, 2013	Additions/ (Deletions)	Acquired through business combinations	Revaluations / (Impairments)	Balance as at 30 Sep, 2014	Balance as at 1 July, 2013	Depreciation charge for the period	Adjustment due to revaluations	On disposals	Balance as at 30 Sep, 2014	Balance as at 30 June, 2013
A											
Fixed Assets											
Tangible Assets											
Land	155.77				155.77					155.77	155.77
Wells	23.38				23.38					23.38	23.38
Buildings - Factory	1,827.64				1,827.64	639.38			639.38	1,188.26	1,188.26
Buildings - Non Factory	132.05				132.05	22.05			22.05	110.00	109.99
Plant and Machinery	11,562.64				11,562.64	8,571.84			8,571.84	2,990.80	2,990.79
Boilers	97.47				97.47	97.47			97.47	(0.00)	
Electrical Installations	719.51				719.51	378.14			378.14	341.37	341.37
D.G.Set	350.93				350.93	344.02			344.02	6.91	6.91
Effluent Treatment Plant	853.34				653.34	581.33			581.33	72.01	72.01
Factory Equipment	152.23				152.23	127.83			127.83	24.40	24.40
Lab Equipment	375.38				375.38	302.14			302.14	73.24	73.24
Research&Dev Equipment	104.15				104.15	87.91			87.91	16.24	16.25
Office Equipment	47.79				47.79	37.18			37.18	10.61	10.61
Furniture and Fixtures	48.76				48.76	37.54			37.54	11.22	11.22
Vehicles	119.70	(7.02)			112.68	80.70		(0.86)	79.84	32.84	39.01
Computers	59.77	1.43			61.20	59.77			59.77	1.43	
SUB TOTAL (A)	16,430.51	(5.59)			16,424.92	11,367.30	(0.86)			11,366.44	5,063.21
B											
Intangible assets under Development											
Product Development Expenses	707.40				707.40					707.40	690.32
ERP Software Set up Cost	5.21				5.21					5.21	5.21
SUB TOTAL (B)	712.61				712.61					712.61	695.53
"Total (A + B) [(Current Year)"]	17,143.12	(5.59)			17,137.53	11,367.30	(0.86)			11,366.44	5,758.74
(Previous Year)	17,082.55	60.56			17,143.11	10,539.66	827.64			11,367.30	6,542.89

Note : The company has not provided the depreciation in respect of its Unit II (Vizag) with effect from 1st January 2013 since the assets are not put to use due to the closure of unit on account of labour strike. The depreciation not provided in the books from January 13 to June 13 is Rs 170.73 lacs and July 13 to September 14 is Rs.926.13 lacs. The company has not provided the depreciation in respect of its Unit I (Nellore) with effect from 1st July 2013 since the assets are not put to use due to the closure of unit on account of labour strike. The depreciation not provided in the books from July 13 to September 14 is Rs.258.25 lacs.

Therefore the total depreciation not provided in the books for both the units for the current accounting period from 1st July 2013 till 30th Sept, 2014 is Rs.1184.38 lacs.

**NOTE- 14****Long-Term Loans and advances**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Unsecured, Considered Good :		
Capital advances	1,088.14	1,088.14
Electricity Deposits	120.61	120.61
Rent Deposits	7.59	5.67
Telephone Deposits	0.80	0.80
Deposit with Central Excise Dept	20.00	-
Advance Income Taxes	36.26	36.26
Other Loans and advances	561.65	561.65
	1,835.05	1,813.13

NOTE- 15**Other Non Current Assets**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Long Term Trade Recievables		
Unsecured, Considered Good :	2,159.65	2,159.65
	2,159.65	2,159.65

Note : The recovery of above Long Term Trade Receivables of Rs.2,159.65 Lakhs is doubtful. However, the management is of the opinion that no provision is necessary during the year against the above amount as the company is pursuing the matter and the amount may be recovered.

NOTE- 16**Inventories**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Raw Material	943.54	943.54
Work-in-Progress	1,961.36	1,961.36
Finished Goods	63.93	63.93
Stores and Spares	113.60	113.60
	3,082.44	3,082.44

NOTE- 17**Trade Receivables**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Unsecured, Considered good		
Debtors outstanding for a period exceeding six months	61.92	57.89
Other Debtors	-	33.88
	61.92	91.77

NOTE- 18**Cash & Bank Balances**

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Cash in Hand	0.57	0.38
Balance with noted Banks :		
In Current Accounts	3.44	0.87
In Margin Money Accounts	31.60	31.60
In EEFC accounts	-	32.47
	35.61	32.85



NOTE- 19

Short-term Loans & Advances

(Rs. in Lacs)

	As at 30 September, 2014		As at 30 June, 2013	
Unsecured Advances-Considered good				
(i) Loans and advances to employees	268.27		223.60	
(ii) Prepaid Expenses	0.35		1.31	
(iii) Balances with Govt Authorities				
- CENVAT credit receivable	39.24		24.59	
- VAT credit receivable	93.22		93.22	
- Service Tax credit receivable	27.48		23.57	
(iv) Others				
- Advance for Materials	269.52		258.86	
- Other advances	2.94	701.02	8.53	633.69
		701.02		633.69

NOTE- 20

Other Current Assets

(Rs. in Lacs)

	As at 30 September, 2014	As at 30 June, 2013
Interest accrued on deposits	-	1.76
	-	1.76

NOTE- 21

Revenue from Operations

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
Exports -	-	516.07
Domestic	-	693.27
	-	1,209.34
Less : Excise Duty	-	64.44
	-	1,144.90
	-	1,144.90

NOTE- 22

Other Incomes

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
Interest Received	-	2.22
Conversion Charges	-	597.77
Miscellaneous Income	0.38	0.57
Foreign Exchange Gain	1.75	13.61
	2.13	614.17

NOTE- 23

Cost of Materials Consumed

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
A) Raw Material Consumed		
Opening Stock	943.54	959.33
Purchases		
Raw Material	-	505.53
Packing Material	-	13.80
	943.54	1,478.66
Less : Closing Stock	943.54	943.54
Raw Material Consumed	-	535.12
B) Stores and Spares and Consumables		
Opening Stock	58.37	69.21
Purchases	1.11	53.01
	59.48	122.22
Less : Closing Stock	58.37	58.37
Consumption	1.11	63.85
Total Cost of Material Consumed	1.11	598.97

**NOTE- 24****Changes in Inventory**

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
Closing Stock of :		
Work-in-Progress	1,961.36	1,961.36
Finished Goods	63.93	63.93
Total (A)	2,025.30	2,025.30
Opening Stock of :		
Work-in-Progress	1,961.36	1,906.41
Finished Goods	63.93	59.31
Total (B)	2,025.30	1,965.72
Increase/(Decrease) in Stock (A-B)	-	59.58

NOTE- 25**Employee Benefit expense**

	15 months ended 30.09.2014	15 months ended 30.06.2013
Salary, Wages, Allowances & other Benefits	0.68	795.99
Gratuity	28.10	28.42
P. F. Contribution	24.92	26.80
Staff Welfare Expenses	0.94	56.93
	54.64	908.14

NOTE- 26**Financial Cost**

	15 months ended 30.09.2014		15 months ended 30.06.2013	
Bank Charges		0.37		6.10
Interest on :				
Term Loans	-	-		
Working Capital Loans	-	-	18.18	
Other Interest	8.04	8.04	38.65	56.83
		8.41		62.93



NOTE- 27

Other Expenses

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
A) Selling & Distribution Expenses		
Business Promotion Expenses	0.52	4.21
Clearing, Forwarding & Freight	-	10.35
B) Operating, Administrative & Other Expenses		
Rent	20.87	26.22
Rates & Taxes	24.42	12.79
Insurance	0.68	14.06
Printing & Stationary	0.27	6.09
Postage, Telegrams & Telephones	3.36	13.86
Consultancy & Legal Exp.	9.06	11.73
General Expenses	42.48	72.79
Directors Sitting fees	0.10	1.85
Directors Remuneration	35.61	35.41
Group Insurance	-	1.03
Auditors Remuneration		
For Statutory Audit	1.00	1.00
For Tax Audit	1.00	1.00
For Certification and Other Services	0.50	0.50
	2.50	2.50
Cost Auditors Remuneration	-	0.83
Travelling & Conveyance	6.09	30.12
Directors Travelling	5.25	9.37
Office Maintenance	3.38	18.50
Sales Tax	-	14.46
Donations	-	4.05
Loss on Sale of Asset	3.41	-
Carriage Inward	0.22	9.40
Power and Fuel	186.95	624.42
Lab Expenditure	2.21	25.24
Repairs & Maintenance	0.75	61.53
Prior Period Expenses	-	1.92
Effluent Treatment Plant Maintenance	-	2.54
	348.13	1,015.27

**NOTE- 28**

In the opinion of the management, the Current Assets, Loans and Advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

NOTE- 29

- i) Disclosure of Sundry Creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.
- ii) Details of total outstanding dues to Micro and Small Enterprises as per "Micro, Small and Medium Enterprises Development Act, 2006"

(Rs. in Lacs)

	15 months ended 30.09.2014	15 months ended 30.06.2013
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,465.00	1,465.00
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

NOTE- 30

Fixed Deposit Receipts for Rs.31.60 lakhs (previous year Rs. 31.60 lakhs) are in lien with Bankers towards margin money for Letters of Credit & Bank Guarantees issued by them.

NOTE- 31**Interest Free Sales Tax :**

- (i) During the year the company has availed interest free sales tax Loan of Rs. NIL for its pharma division unit at Kothapalli. The interest free sales tax loan availed by the unit so far stood at Rs. 451.76 lakhs (previous Year Rs. 451.76 lakhs).
- (ii) During the year the company has paid interest free sales tax Loan of Rs. Nil for its pharma division unit at Regadichelika. The interest free sales tax loan outstanding is Rs. 59.80 lakhs (previous Year Rs. 59.80 lakhs).

NOTE- 32**Contingent Liabilities :**

The following contingent liabilities are not provided for.

- (i) On account of Letters of Credit and Bank Guarantees (net of margin monies) amounting to Rs. Nil (Previous year Rs.Nil)



- (ii) Sales Tax: There are various demands raised by the sales tax authorities amounting to Rs.220.30 lakhs (Previous year Rs. 7.84 lakhs) for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs NIL (Previous Year Rs NIL).
- (iii) Excise Duty: There are various demands raised by the Excise authorities amounting to Rs.3.34 lakhs (Previous Year Rs.3.34 lakhs) for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs NIL (Previous Year Rs NIL) based on interim directions.
- (iv) Income Tax: There are various demands raised by the Income Tax authorities amounting to Rs.315.53 lakhs for which the company preferred appeals with Hon'ble High Court of A.P.

NOTE- 33

The Expenditure incurred on 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.

NOTE- 34**Managerial Remuneration :**

(Rs. in Lacs)

	For the Period 30th September, 2014	For the Period 30th June, 2013
Managing Director		
Remuneration	15.00	15.00
Perquisites -(HRA)	5.63	5.63
Director		
Remuneration	13.99	13.99
LTA	0.99	0.79
Total	35.61	35.41

Due to inadequate profits during the Financial year, the company has paid only the minimum remuneration by way of Salary & Perquisites to Managing Director.

NOTE- 35

Related party disclosures :

a) Name of the related parties:

Associate Companies	: Visakha Foods Pvt. Ltd
Key Management Personnel	: Dr.R.T.Ravi, Chairman & Managing Director. Mr. Avinash Ravi, Whole Time Director
Relatives of Key Management Personnel	: Mrs. Hemalata Ravi w/o Dr.R.T.Ravi

b) Aggregated Related party disclosures for the year 2013-14:

Particulars	Associates	Key Management	Relatives of Key Management	Total
Remuneration	-	29.98	-	29.98
Rent	-	-	5.63	5.63
Total	-	29.98	5.63	35.61

NOTE- 36

As per Accounting Standard 22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India Rs.39.99 lakhs (Previous year Deferred Tax Asset of Rs 74.02 lakhs) of deferred tax liability arising during the financial year has been debited to the current year's Profit and Loss account.

**NOTE- 37**

Calculation of earnings per share :

(Rs. in Lacs)

	For the Period 30th September, 2014	For the Period 30th June, 2013
Profit attributable to Share Holders	-434.60	-1,520.28
No. of Equity Shares Outstanding	9,514,286	9,514,286
Weighted No. of Equity Shares	9,514,286	9,514,286
Nominal Value of Equity Share	10.00	10.00
Basic and diluted EPS	-4.57	-15.98

NOTE- 38

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

NOTE- 39

Value of Imported and Indigenous Materials Consumed and their Percentage to total consumption :

Particulars	As at 30 September, 2014		As at 30 June, 2013	
	Value	%	Value	%
Imported	-	-	-	-
Indigeneous	1.11	100%	535.12	100%
Total	1.11	100%	535.12	100%

NOTE- 40

Foreign Currency / Exchange Transactions :

Sr. No.	Particulars	15 months ended 30.09.2014	15 months ended 30.06.2013
A)	Value of Imports on CIF Basis		
	Import of Raw Materials	-	-
	Stores & Spares	-	-
	Capital Goods	-	-
B)	Expenditure		
	Travelling	-	2.14
	Subscription & Membership	-	3.03
	Product Development	-	1.81
C)	Earnings in Foreign Exchange		
	FOB Value of Exports	-	245.94
	FOB Value of Plant & Machinery	-	-

NOTE- 41

Debtors, other advances and creditors are subject to confirmations.

NOTE- 42

During the year, the company has not made provision for gratuity on actuarial valuation.

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm Reg. No: 012194S

Sd/-

CA.N. Rajesh

Partner

M.No : 223169

Place : Hyderabad.

Date : 28.11.2014

For and on behalf of the Board of Directors

Sd/-

Dr.R.T Ravi

Chairman & Managing Director

Sd/-

Avinash Ravi

Director & COO

NOTE - 37

**BOOK-POST
UNDER CERTIFICATE POSTING**

(Rs. in Lacs)

For the Period 01st September 2014 To the Period 30th June 2015		For the Period 01st September 2013 To the Period 30th June 2014	
Profit attributable to Share Holders	-434.80	-434.80	-1,520.28
No. of Equity Shares Outstanding	9,514,288	9,514,288	9,514,288
Weighted No. of Equity Shares	9,514,288	9,514,288	9,514,288
Nominal Value of Equity Share	10.00	10.00	10.00
Basic and diluted EPS	-4.57	-4.57	-15.88

NOTE - 38

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

NOTE - 39

Value of imported and indigenous Materials Consumed and their Percentage to total consumption:

Particulars	As at 30 September 2014		As at 30 June 2013	
	Value	%	Value	%
Imported	1.11	100%	535.12	100%
Indigenous	1.11	100%	535.12	100%
Total	1.11	100%	535.12	100%

NOTE - 40

Foreign Currency / Exchange Transactions:

Particulars	12 months ended 30.09.2014	12 months ended 30.09.2013
(A) Value of imports on CIF Basis		
Import of Raw Materials		
Stores & Spares		
Capital Goods		
Expenditure		5.14
(B) Travelling		3.03
Subscription & Membership		1.81
Product Development		
(C) Earnings in Foreign Exchange		245.94
FOB Value of Exports		
FOB Value of Plant & Machinery		

NOTE - 41

Leases, other advances and credits are subject to confirmation.

NOTE - 42

During the year, the company has not made provision for gratuity on actuarial valuation.

For and on behalf of the Board of Directors

If undelivered return to :
Krebs Biochemicals & Industries Limited
 Plot No. 34, 8-2-577/B, Road No. 2,
 Banjara Hills, Hyderabad - 500034

For our report of even date
For RAVALURI & CO
 Chartered Accountants
 Firm Reg. No. 0121942
 2A
 C.A. Rajesh
 Partner
 M No. 523188
 Place: Hyderabad
 Date: 02.11.2014