

Krebs Biochemicals & Industries Limited

CIN : L24110AP1991PLC103912



3rd October, 2016

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

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

Dear Sir/Madam,


Sub: Submission of Annual Report 2015-16 as required under Regulation 34(1) of SEBI (LODR) Regulations, 2015.

We refer to the above captioned subject; we herewith submit to you the annual report for the financial year ended 31st March, 2016 under Reg. 34 (1) of the SEBI (LODR) Regulations, 2015.

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

Thanking you

Yours Faithfully
For Krebs Biochemicals & Industries Limited


Haritha Varanasi
Company Secretary



**KREBS BIOCHEMICALS &
INDUSTRIES LIMITED**



**24th Annual Report
2015 - 16**



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CORPORATE INFORMATION

BOARD OF DIRECTORS:

Dr R T Ravi	- Chairman & Non-Executive Director (DIN- 00272977)
Avinash Ravi	- Managing Director (DIN-01616152)
G.V.L Prasad	- Independent Director (DIN- 00017081)
Tangirala Malati	- Independent Director (DIN- 07094957)
Satish Khivsara	- Independent Director (DIN- 07244464)
Raj Kamal Prasad Verma	- Independent Director (DIN- 02166789)
Manish Jain	- Non-Executive Director & Nominee of Ipca Laboratories Limited (DIN- 01856146)
E.J Babu	- Non-Executive Director & Nominee of Ipca Laboratories Limited (DIN- 06759124)

Company Secretary & Compliance Officer

Ms. Haritha Varanasi (ACS 34293)

REGISTERED OFFICE :

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

CORPORATE OFFICE :

Krebs Biochemicals & Industries Limited,
Plot No.34, 8-2-577/B, 3rd Floor,
Maas Heights,
Road No.8, Banjara Hills, Hyderabad,
Telangana- 500034
Tel: 040 - 66808040 Fax: 040- 66037755
Website: krebsbiochem.com

PLANT LOCATIONS:

Unit-I

Regadichelika (V), Kodavalur (M),
Nellore (D), Andhra Pradesh – 524316,

Unit-II

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

STATUTORY AUDITORS :

M/s. Pavuluri & Co.,
Chartered Accountants
Firm Registration No. 012194S
105, First Block, 1st Floor,
Divyashakti Complex, Ameerpet,
Hyderabad- 500016.

SECRETARIAL AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited,
Plot No. 31 & 32,
Karvy Selenium Tower B,
Financial District, NanakramGuda,
Gachibowli, Hyderabad- 500032.
Ph: 040-67161605
Fax: 040 – 67161500

Website: www.karvycomputershare.com
Email: einward.ris@karvy.com

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of M/s. Krebs Biochemicals & Industries Limited will be held on Thursday, 29th September 2016 at 03:30PM at S R Gardens, Kothapalli (Village), Kasimkota (Mandal), Anakapalli, Vishakapatnam(District), Andhra Pradesh - 531031 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March 2016 on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Dr. R T Ravi (DIN-00272977), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013, the appointment of M/s. Pavuluri & Co, Chartered Accountants, (Registration No.012194S), Hyderabad, who were appointed as the Statutory Auditors of the Company till the conclusion of 27th Annual General Meeting, be and are hereby ratified and confirmed, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31st March 2017.”

SPECIAL BUSINESS:

4. Appointment of Mr. Manish Jain as Non-Executive Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, Mr. Manish Jain (holding DIN- 01856146) who was appointed as Additional Director by the Board of Directors at their meeting held on 12th February 2016 and who shall hold office till the conclusion of the ensuing AGM 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. Manish Jain as a candidate for the office of a director of the company, be and is hereby appointed as Non-Executive director and Nominee of Ipca Laboratories Limited, who is liable to retire by rotation.

5. Appointment of Mr. E.J. Babu as Non-Executive Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, Mr. E.J. Babu (holding DIN-06759124) who was appointed as Additional Director by the Board of Directors at their meeting held on 12th February 2016 and who shall hold office till the conclusion of the ensuing AGM 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. E.J. Babu as a candidate for the office of a director of the company, be and is hereby appointed

as Non-Executive director and Nominee of Ipca Laboratories Limited, who is liable to retire by rotation.

6. Appointment of Mr. Raj Kamal Prasad Verma as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and rules made thereunder, Mr. Raj Kamal Prasad Verma, (holding DIN- 02166789) who was appointed as additional director by the Board of Directors in the meeting held on 12th February, 2016 pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 read with Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting of the Company 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. Raj Kamal Prasad Verma as a candidate for the office of a director of the company who meets criteria of independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as Independent Director of the company, not liable to retire by rotation, to hold office for a term of 5(five) consecutive years up to 29th September 2021.

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

Sd/-

Avinash Ravi

Managing Director
(DIN-01616152)

Place : Hyderabad

Date : 12.08.2016

Registered Office :

Unit II, Krebs Biochemicals & Industries Limited,
Kothapalli(Village), Kasimkota(Mandal),
Anakapalli, Vishakapatnam(District), Andhra Pradesh - 531031
Email: com_sec@krebbsbiochem.com,
Website: krebbsbiochem.com
CIN:L24110AP1991PLC103912

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September 2016 to 29th September 2016 (Both days inclusive).
5. Members holding shares in electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
6. Members are requested to handover the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
7. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
8. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
9. Members holding shares in electronic form may note that bank particulars registered against their respective registered accounts will be used by the Company for the payment of dividend. The Company or its Registrar and Share Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Karvy Computershare Private Limited.)

11. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
12. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to M/s. Karvy Computershare Private Limited., Share Transfer Agents of the Company for their doing the needful.
13. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
14. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
15. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
16. Electronic copy of the Annual Report for 2015-2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-2016 is being sent in the permitted mode.
17. Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for 2015-2016 will also be available on the Company's website krebsbiochem.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@krebsbiochem.com.
18. Voting through electronic means
 - i) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide to its members, facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting. ("Remote E-voting").
 - ii) The facility for voting through electronic voting system ("Insta Poll") shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through "Insta Poll".
 - iii) The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

- iv) The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- v) The Board of Directors of the Company has appointed Mrs. Jhansi Laxmi, Practicing Company Secretary, Hyderabad as scrutinizer to scrutinize the InstaPoll and remote e-voting process to ensure fairness and transparency. .
- vi) Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the member/beneficial owner (in the case of electronic shareholding) as on the cut-off date i.e., 22nd September 2016.
- vii) A Person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e, 22nd September 2016 only shall be entitled to avail the facility of remote e-voting / InstaPoll.
- viii) Any person who becomes a member of the Company after dispatch of the notice of the meeting and holding shares as on the cut-off date i.e, 22nd September 2016 may obtain the user id and password in the manner mentioned below:
 - a) If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS: MYEPWD <space> E-voting Event Number + Folio Number or DP ID Client ID to 9212993399.

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- b) If e-mail address or mobile number of the member is registered against the folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) Member may call Karvy's Toll Free Number 1-800-3454-001.
If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.
- ix) The remote e-voting facility will be available during the following period:
Commencement of remote e-voting : From 09.00 AM (IST) on 26th September 2016
End of remote e-voting : On 05.00 PM (IST) on 28th September 2016.
The remote e-voting shall not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
- x) The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company krebsbiochem.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.

- xi) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting i.e, 29th September 2016.
- xii) Instructions and other information relating to e-voting
- 1) A. A member receiving an e-mail from Karvy (For members whose e-mail addresses are registered with the Company/Depository Participant(s):

- a) Launch internet browser by typing the URL : <https://evoting.karvy.com>
- b) Enter the log in credentials (i.e USER ID and password) which will be sent separately.The E-Voting Event

Number+Folio No. or DP ID Client ID will be your User ID.

However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- c) After entering these details appropriately, Click on "LOGIN".
- d) You will now reach password change menu wherein you are required to mandatorily change password.The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character(@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential
- e) You need to log in again with the new credentials.
- f) On successful log in, the system will prompt you to select the E-Voting Event Number for Krebs Biochemicals & Industries Limited.
- g) On the voting page enter the number of shares (which represents the number of votes) as on the cut off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- k) A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify.

Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).



- l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID:jhansi_laxmi@rediffmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- B) In case a member receives physical copy of the notice by post (For members whose email addresses are not registered with the Company/Depository Participant(s)).
 - a) User ID and Initial password - These will be sent separately
 - b) Please follow all steps from Sr No (a) to (l) as mentioned in (A) above, to cast your vote.
- 2) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- 3) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

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

Sd/-

Avinash Ravi

Managing Director
(DIN-01616152)

Place : Hyderabad

Date : 12.08.2016

EXPLANATORY STATEMENT

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

ITEM NO. 4:

During the year under review, Ipca Laboratories Limited has acquired joint management stake in the Company by way of acquiring shares from the promoters and by preferential allotment and also has given open offer to the shareholders of the Company under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, there by becoming a part of promoter group of the company. As mutually agreed, Mr. Manish Jain, Vice-President – Business Development, Ipca Laboratories Limited, nominated by Ipca Laboratories Limited, is being appointed as Non-Executive & Nominee Directors into the Board of the Company. The Board of Directors at their meeting held on 12th February 2016 appointed Mr. Manish Jain as Additional Director – Nominee of Ipca Laboratories Limited into the Board. The Company has received a notice from a member, along with requisite deposit proposing the candidature of Mr. Manish Jain for the office of director under the category of Non-Executive Director.

The Board is of the opinion that with the expertise and sound knowledge of Mr. Manish Jain, the company would benefit immensely in financial aspects.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Manish Jain, Mr. E J Babu and Ipca Laboratories Limited, is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval of the Members.

ITEM No. 5:

During the year under review, Ipca Laboratories Limited has acquired joint management stake in the Company by way of acquiring shares from the promoters and by preferential allotment and also has given open offer to the shareholders of the Company under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, there by becoming a part of promoter group of the company. As mutually agreed between the companies, Mr. E.J. Babu, President _ Global Business of Ipca Laboratories Limited, nominated by Ipca Laboratories Limited, is being appointed as Non-Executive & Nominee Directors into the Board of the Company. The Board of Directors at their meeting held on 12th February 2016 appointed Mr. E.J. Babu as Additional Director – Nominee of Ipca Laboratories Limited into the Board. The Company has received a notice from a member, along with requisite deposit proposing the candidature of Mr. E J Babu for the office of director under the category of Non-Executive Director.

The Board is of the opinion that with the expertise and sound knowledge of Mr. E.J. Babu, the company would benefit immensely in technical and strategic aspects.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. E. J. Babu, Mr. Manish Jain and Ipca Laboratories Limited, is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 5 for approval of the Members.

ITEM NO.6:

Mr. Raj Kamal Prasad Verma was appointed as Additional Director on 12th February 2016, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive Independent' and is continuing as 'Independent Director'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office up to the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013. The Company has received a notice from a member under section 160 of the Companies Act 2013, along with requisite deposit proposing the candidature of Mr. Raj Kamal Prasad Verma for the office of director under the category of Independent Director.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made thereunder and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Mr. Raj Kamal Prasad Verma as 'Independent Director' for a term up to 29.09.2021, and pass the resolution set out at Item No. 5. The appointment of Mr. Raj Kamal Prasad Verma is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. Raj Kamal Prasad Verma has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that his continued association with the Company would be of benefit to the Company. Further, in the opinion of the Board Mr. Raj Kamal Prasad Verma fulfil the conditions specified in the Companies Act, 2013 and the Rules made there under, and he is independent of the Management.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Director, Mr. Raj Kamal Prasad Verma is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 6 for approval of the Members.

Brief Profile of the Directors seeking appointment:

Particulars	Mr. Manish Jain	Mr. E.J. Babu	Mr. Raj Kamal Prasad Verma
Date of appointment	12.02.2016	12.02.2016	12.02.2016
Age & Qualification	42 Years & Chartered Accountant, Executive MBA in General Management	53 years & P G Diploma in Marketing Management	67 years & Master of Business Management, P.G. Diploma in Industrial Relations & Personnel Management
Nature of expertise	Expertise in Business Development includes new product development, in-licensing of products and technology, heading contract research and manufacturing Services in Ipca Laboratories Limited. He is also acting as Secretary to the Whistle Blower Committee and Member of the Risk Management Committee of Ipca Laboratories Limited. He has also conducted statutory audits, tax audits, and financial reporting packages at Deloitte Haskins & Sells.	Skilled in marketing as well as Sales Management of Active Pharmaceutical Ingredients globally. Also experienced in logistics related functions of the export operations. He was previously associated with Tata Pharma Limited and Wockhardt Ltd. He is associated with Ipca Laboratories Ltd. since 1993.	Turn-around and Operations expert, spear-heading business organisations with P & L responsibilities and corporate strategy. He also served as head of marketing/ International Business Development, Middle management level (profit-centre head). He has served in several industries like pharmaceutical- APIs, Bio-tech, Diagnostics/ Medical devices, chemicals, Animal health products, food colours. He is also a charter member of TiE, Member – All India Management Association, Mentor – CIIE, IIM Ahmedabad; SINE- IIT Mumbai.
Directorships in another companies	1. Tropic Wellness Private Limited 2. Ipca Pharma Nigeria Limited	1. Avik Pharmaceuticals Limited	Nil
Relationship with other directors or Key Managerial Personnel	None	None	None
No. of shares held in the Company as on 31.03.2016	Nil	Nil	Nil

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

Avinash Ravi
 Managing Director
 (DIN-01616152)

Place : Hyderabad

Date : 12.08.2016

DIRECTORS' REPORT

To,
The Members,

The directors submit annual report of Krebs Biochemicals & Industries Limited (the Company) along with the audited financial statements for the financial year ended 31st March 2016.

1. Financial Results

(Rs. in lakhs)

Particulars	2015-16	2014-15 (01.10.2014 to 31.03.2015)
Net Sales	15.85	Nil
Other Income	204.82	1.12
Total Income	220.67	1.12
Expenditure	1357.96	490.25
P(L)BDIT	(1137.29)	(489.13)
Loss on sale of Assets	Nil	Nil
PBDIT(After Extra Ordinary Items)	(1137.29)	(489.13)
Finance Charges	73.88	402.85
Depreciation	448.62	187.13
Profit/(Loss) Before Tax	(1659.79)	(1079.11)
Exceptional Items	27.75	295.10
Deferred Tax Asset	Nil	Nil
Taxes of earlier years	Nil	Nil
Net profit/(Loss) after Tax	(1632.04)	(784.01)
Prior Period Adjustments	Nil	Nil
Profit/(Loss) after prior period adjustments	(1632.04)	(784.01)
Add: balance brought Forward	(5447.47)	(4630.79)
Less: Depreciation	Nil	(32.66)
Add: Transferred from Profit & Loss Account	(1632.04)	(784.01)
Balance Carried to Balance Sheet	(7079.52)	(5447.47)

2. Directors' Comments on Audit Qualification

S.No	Basis of Qualified opinion	Directors' Comments
1.	Reference is invited to Note No. 14 of the financial statements. The Company's Non-Current Assets consist of Long Term Trade Receivables of Rs.2,173.82 lakhs and Other Loans and advances of Rs 177.50 lakhs. 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 made a provision for the same, the loss of the period would have been higher by the said amount.	The dues are long pending. The Company has initiated proceedings to recover the said dues and the same are pending. However, the management is also considering the provisioning of the debtors as and when it is deemed necessary.

3. Financial Performance

During the year under review, the Company has posted net sales of Rs. 15.85 lakhs and Rs. 204.82 lakhs as other income. For the FY 2015-16 the company has incurred a loss of Rs. 1632.04 lakhs as against Rs. 784.01 lakhs of the previous accounting year for 6 months ended 31st March 2015.

4. Dividend

On account of losses during the year, no dividend is proposed to be declared for the financial year 2015-16.

5. Operations

During the year complete repairs and maintenance of both plants were undertaken to make plants ready for operations after the long shutdown. Some modernisation works were also undertaken to meet the latest pollution control norms and safety regulations. All relevant licences were renewed. All the pending statutory requirements were addressed.

Products range for both plants was established and this will be continuously revived to reflect market conditions. Scale up operations including technology sourcing/development, pilot plant trials and validation trails for the identified products have begun and will reach market commercialisation in due course.

6. Issue of Equity Shares

During the year under review, the company has allotted 23,00,000 equity shares to M/s Ipca Laboratories Limited, 600,000 equity shares to M/s Pinky Ventures Private Limited at the Board Meeting held on 9th May 2015. Further, the company has allotted 650,000 equity shares and 680,000 warrants each of which is convertible into equity shares to Mrs. Hemalata Ravi at the board meeting held on 3rd October 2015. As a result of this, the issued, subscribed and paid-up capital of the company has increased from 9.51 crores to 13.06 crores in the financial year 2015-16.

7. Ipca Laboratories Limited

During the year, Ipca Laboratories Limited has given open offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the shareholders of the company at Rs. 54/- per share and acquired 100 shares.

Your company has allotted 23,00,000 equity shares on preferential basis to Ipca Laboratories Limited at the board meeting held on 9th May 2015.

As on 31st March 2016, Ipca Laboratories Limited holds 41,00,100 equity shares which is 31.38% in your company. As a result, your company is an Associate Company of Ipca Laboratories Limited.

8. Events subsequent to the financial results

a) Allotment of Shares pursuant to conversion of warrants:

Your company has allotted 680,000 warrants each of which is convertible into equity shares of Rs. 10/- each at the board meeting held on 3rd October 2015 and at the board meeting held on 28th May 2016 the warrants were converted into 680,000 shares of Rs. 10/- each. As a result, the issued, subscribed and paid-up capital of the company as on date is Rs. 13,74,42,860 comprising of 1,37,44,286 shares of Rs. 10/- each.

b) Shifting of Registered Office from the State of Telangana to the State of Andhra Pradesh.

The Board of Directors at their meeting held on 3rd October 2015 approved relocating the registered office and the notice of postal ballot for obtaining the approval of members of the Company for the proposed relocation. The results were submitted by Mrs. Jhansi Laxmi, Scrutinizer for the postal ballot process, on 9th November 2015 and the resolution was declared as passed at the meeting by the Chairman of the Board.

The Company has filed petition with the Central Government, for the proposed relocation of the registered office on 9th December 2015 and the Central Government, represented

by the Regional Director (South East Region) on its Order dated 14th July 2016, has allowed the relocation of the registered office of the company from Hyderabad, State of Telangana to Vishakapatnam, State of Andhra Pradesh. The Corporate Office of the Company shall continue to be situated at Hyderabad.

9. Statutory Auditors

The members at their 21st Annual General Meeting held on 31st December 2014, approved the appointment of M/s Pavuluri & Co., Chartered Accountants, Hyderabad as the Statutory Auditors of the Company to hold office till the conclusion of the 27th Annual General Meeting subject to ratification of shareholders in every Annual General Meeting. Accordingly, a resolution seeking members' ratification on appointment of M/s Pavuluri & Co., Chartered Accountants, Hyderabad as the Statutory Auditors of the Company for the financial year 2016-17 is included at Item No.3 of the notice convening the Annual General Meeting.

10. Internal Auditors:

The Board of Directors based on the recommendation of Audit Committee has re-appointed M/s Palesetti & Co, Chartered Accountants, Eluru, Andhra Pradesh, as Internal Auditors of the Company for the Financial Year 2016-17 at their meeting held on 28th May 2016.

11. Directors and Key Managerial Personnel

The Board of Directors at their meeting held on 12th February 2016 has inducted Mr. Manish Jain (DIN- 01856146) and Mr. E J Babu (DIN- 06759124) as Nominee Directors, nominated by Ipca Laboratories Limited and Mr. R K P Verma (DIN- 02166789) as Additional Independent Director w.e.f. 12th February 2016.

The approval of the members is sought for the appointment of aforesaid directors as resolution nos. 4, 5 & 6 in the notice convening the meeting.

A brief profile of the directors seeking appointment is annexed to the explanatory statement to the notice of the meeting.

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

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

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are-

Mr. Avinash Ravi, Managing Director,

Mr. C V R S N Kumar – Chief Financial Officer and

Ms. Haritha Varanasi – Company Secretary, who were appointed at the Board Meeting held on 13th August 2015 and at the 23rd Annual General Meeting held on 29th September 2015, the members of the Company have approved the appointment of Mr. Avinash Ravi as Managing Director of the Company for a period of 3 (three) years from 13th August 2015.

12. Board Meetings

During the financial year 2015-16, six meetings of the Board were held. For details of the meetings of the board, please refer to the corporate governance report which forms part of this report.

13. Suspension of trading in National Stock Exchange

The trading of shares of the company is currently under suspension in National Stock Exchange of India Limited (NSE). The Company has filed fresh application for revocation of suspension of trading of shares in NSE on September, 2015. The Company has complied with the requirements as per the listing agreement and listing regulations and will continue to be compliant. As on date no queries of NSE are left unanswered and the company is waiting for a conclusive decision from the Exchange.

14. Corporate Social Responsibility

Your Company regards the wider community in which it operates to be an important stakeholder and actively contributes towards its welfare. According to the provisions of Section 135 of the Companies Act, 2013 the company doesn't fall under the categories of the companies to which the Corporate Social Responsibility is applicable. However, your company feels that making a positive contribution to the local community is the right thing to do and to this end, during the year, has contributed towards one education programme by supporting the education of children who are residing near the Vizag plant premises and one environmental programme by contributing towards the distribution of Solar LED lanterns in rural areas.

15. Quality Initiatives

Your company is committed to the highest levels of quality, robust practices and mature business continuity processes that help in achieving the targets as set by the Company. Your Company is committed to meeting the standards set by the USFDA, WHO-GMP and EDQM certifications. The Company is focusing on continuous improvements on internal operations leveraging best-in class methodologies.

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

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

17. Board Evaluation

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

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

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

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

18. Internal Financial Control Systems and their adequacy

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

19. Audit Committee

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this report.

20. Secretarial Audit

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

- a) 100% of promoters holding in demat form: As the holding of Dr R T Ravi of 19400 shares and Mrs. Hemalata Ravi of 1000 shares are under legal dispute, the said shares are in physical form and the same are not dematerialized.
- b) Listing and Trading Approvals: The Company is yet to obtain listing and trading approvals for the shares allotted on 9th May 2015 & 3rd October 2015 from NSE, since the trading of the Company's shares is suspended in NSE.
- c) Share Application Money: The Company has received share application money from Mrs. Hemalata Ravi for the allotment of 650,000 equity shares and 680,000 convertible warrants. However, due to delay in obtaining the in-principle approval from BSE for the said allotment, the said allotment was made beyond the prescribed period of 60 days, on 3rd October 2015.
- d) The Company has appointed Company Secretary, CFO and Internal Auditors during the financial year, on 13th August 2015.

21. Transactions with related parties

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

22. Fixed Deposits

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

23. Extract of Annual Return:

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

24. Directors' Responsibility Statement

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

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

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

25. Disclosure Requirements

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

26. Prevention of Insider Trading

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

The Board at its meeting held on 23rd May 2015 has adopted the revised code of conduct for prevention of insider trading, pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code is available in the company's website krebsbiochem.com.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure-V" to this report.

28. Acknowledgments

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

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

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

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

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

Place : Hyderabad
Date : 12.08.2016

ANNEXURE-I

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

As required under the provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of the Company is drawing salary of more than Rs.1.04 crores (Rupees One Crore Four Lakhs) per financial year or Rs. 8.5 lakhs (Eight Lakh Fifty Thousand) per month, as the case may be for the year ended 31st March 2016.

- a. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year

S.No.	Name of the Director/ Key Managerial Personnel	Remuneration of Director/KMP for the FY 2015-16 (Amount in Rs.)	% increase/ (Decrease) in remuneration in the FY 2015-16	Ratio of remuneration of each director/ KMP to median remuneration of employees	Comparison of remuneration of the KMP against the performance of the company
1	Dr R T Ravi*	4,04,000	-25.52%	0.46%	The company is in continuing losses for the past financial years and during the year the company posted a net loss of Rs. 1632.04 lakhs
2	Avinash Ravi*	30,74,000	81.79%	5.95%	
3.	Haritha Varanasi* (Company Secretary)	2,80,000	NA	0.54	Please refer to the note above.
4.	C V R S N Kumar*(CFO)	5,20,000	NA	1.00	

*During the year Dr R T Ravi has resigned as Managing Director and continuing as Non-Executive Director of the company. The remuneration mentioned above is up to 12th August 2015 and sitting fees paid to him subsequent to his resignation.

Further Mr. Avinash Ravi, Ms. Haritha Varanasi, Mr. C V R S N Kumar have been appointed as Managing Director, Company Secretary and CFO respectively w.e.f. 13th August 2015.

The remuneration paid to Mr. Avinash Ravi mentioned above is inclusive of remuneration paid to him as Whole Time Director up to 12th August 2015 and as Managing Director from 13th August 2015 to 31st March 2016.

- b. The median remuneration of the employees of the company during the financial year was Rs. 5,16,688/-
- c. The percentage increase in the median remuneration of employees in the financial year: Nil. As there is no increase in remuneration of employees.
- d. There were 332 Regular employees and 42 contract employees as on 31st March 2016.
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration: None
- f. Affirmation that the remuneration is as per the remuneration policy of the company
The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

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

Avinash Ravi
Managing Director
(DIN-01616152)

Place: Hyderabad
Date: 12.08.2016

ANNEXURE-II
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

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

To,
The Members,

Krebs Biochemicals & Industries Limited

Plot No. 34, 8 – 2 – 577/B, Road No. 2,
Banjara Hills, Hyderabad – 500034

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under except that the trading of Equity Shares is under suspension in National Stock Exchange of India Limited;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (no activities during the period of audit);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 read with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(e) The Securities and Exchange Board of India (Share Based Employee Benefit Schemes) Regulations, 2014;

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

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

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

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

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

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

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

During the period of our audit the Company has not done any buy back of its securities. Hence the reporting of compliance under these regulations does not arise;

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

Pharmacy Act, 1948;

Drugs and Cosmetics Act, 1940;

Indian Boilers Act, 1923

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

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [except for Clause 49 of the Listing Agreement read with Regulation 34 (3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance of which has been certified by the Statutory Auditors relating to Corporate Governance] except for:

- Complying with the requirement of maintaining 100% of promoters holding in demat form.
- Not obtaining the listing and trading approvals for the allotments made on 09.05.2015 for 29,00,000 Equity Shares and on 03.10.2015 for 6,50,000 Equity Shares from National Stock Exchange of India Limited.

- The Company had recently updated its website in compliance with Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

We further report that

The Board of Directors of the Company is duly constituted except for the delay in appointment of Non-Executive Directors to fulfil the requirement of directors retiring by rotation as specified under the provisions of Section 152 of the Act. The Company has proper balance of Executive Directors, Non-Executive Directors and Independent Directors at the end of the year.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except for delay in filing the necessary forms (relating to appointment and change in designation of Directors) with the Registrar of Companies, Andhra Pradesh and Telangana.

The Company has adequately constituted the Committees which are mandatorily required as per the Companies Act, 2013 and Clause 49 of the Listing Agreement read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, but the composition of Audit Committee requiring minimum three Independent Directors was only met during the year.

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

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

The Company had allotted 6,50,000 Equity Shares to Mrs.Hemalata Ravi beyond the prescribed period of 60 days after the receipt of the money. Money was received from the applicant during March 2015; however allotment was made on 3rd October, 2015

There has been delay in complying with the provisions of Section 203 of the Act relating to the appointment of Company Secretary and Chief Financial Officer.

There has been delay in complying with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 relating to appointment of Internal Auditor.

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

We further report that during the audit period the Company has

- i. Allotted shares on preferential basis for which the approval of its members were obtained in the Extra Ordinary General Meeting held on 11th March 2015 as specified below:
 - a. 23,00,000 Equity Shares of Rs.10/- each at a Premium of Rs.44/- per share to Ipca Laboratories Limited on 9th May 2015.
 - b. 6,00,000 Equity Shares of Rs.10/- each at a Premium of Rs.44/- per share to Pinky Ventures Private Limited on 9th May 2015.



- c. 6,50,000 Equity Shares of Rs.10/- each at a Premium of Rs.44/- per share to Mrs Hemalata Ravi on 3rd October 2015.
- ii. Made an application to the Regional Director, South East Region for shifting the Registered Office of the Company from the State of Telangana to the State of Andhra Pradesh. The Company has received the Order confirming the Shifting from the Regional Director, South East Region on 14th July 2016.
- iii. Obtained approval from the shareholders to maintain the books of accounts and other statutory records of the Company at the Corporate Office of the Company located at Hyderabad in the Postal Ballot held on 9th November 2015..
- iv. The following creditors have filed Winding up Petitions under the provisions of Section 433 of the Companies Act, 1956 with the Hon'ble High Court at Hyderabad having jurisdiction over the States of Andhra Pradesh &Telangana for non-payment of their dues:
 - Bharat Jyotilmpex
 - Sparchem
 - Gayatri Bio Organics Limited
 - Agarwal Coal Corporation Private Limited
 - Aurobindo Pharma Limited
 - Trident Chemphar Limited
 - Om Sai Professional Detective Security

For **DSMR & Associates**
Company Secretaries

Place: Hyderabad
Date: 10.08.2016

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

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



ANNEXURE 'A'

To,
The Members,

Krebs Biochemicals & Industries Limited
Plot No. 34, 8 – 2 – 577/B, Road No. 2,
Banjara Hills, Hyderabad – 500034

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DSMR & Associates**
Company Secretaries

Place : Hyderabad
Date : 10.08.2016

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

ANNEXURE-III
FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

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

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of the related party	Ipca Laboratories Limited
Nature of contract/arrangements/ transactions	Lease of manufacturing unit
Duration of the contracts or arrangements or transactions	5 years
Salient terms of the contracts or arrangements or transactions including the value, if any.	Leasing the manufacturing unit situated at Nellore.
Date of approval by the Board	26.09.2014
Amount paid as advances, if any	Not Applicable

Note: All related party transactions that were entered during the financial year were on arm's length basis and is according to the policy of related party transactions adopted by the Company.

Place: Hyderabad

Date: 12.08.2016

On behalf of the Board of Directors of
Krebs Biochemicals & Industries Limited

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

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



ANNEXURE-IV
FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN
AS ON 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS

1	CIN	L24110AP1991PLC103912
2	Registration Date	02.12.1991
3	Name of the Company	Krebs Biochemicals & Industries Limited
4	Category/Sub-Category of the Company	Public Company/ Limited by shares
5	Address of the Registered Office & Contact Details	Kothapalli (V), Kasimkota (M), Anakapalli, Vishakapatnam(D), Andhra Pradesh-531031.Tel. 040-66808040
6	Whether Listed Company	Yes
7	Name, Address & Contact Details of the Registrar & Share Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 &32 ,Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana- 500032. Tel: 040-67161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	NIC code of the product/service	% to total turnover of the Company
1	Lovastatin	29420090	Nil
2.	Simvastatin	29420090	Nil

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Shareholding

Category of shareholders	No. of shares at the beginning of the period			No. of shares held at the end of the period			% change during the period	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A. Promoters								
(1) Indian								
a) Individuals/HUF	2734140	64000	2798140	29.41%	2764041	670400	3434441	26.29%
b) Central Government/ State Government(s)	0	0	0	0.00%	0	0	0	0.00%
c) Bodies Corporate	0	0	0	0.00%	4100100	0	4100100	31.39%
d) Financial Institutions / Banks	0	0	0	0.00%	0	0	0	0.00%
e) Others	0	0	0	0.00%	0	0	0	0.00%
Sub-Total A(1)	2734140	64000	2798140	29.41%	6864141	670400	7534541	57.68%
2) Foreign								
a) Indian (NRIs)/Foreign Individuals	0	0	0	0.00%	0	0	0	0.00%
b) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%
c) Institutions	0	0	0	0.00%	0	0	0	0.00%
d) Qualified Foreign Investor	0	0	0	0.00%	0	0	0	0.00%
e) Others	0	0	0	0.00%	0	0	0	0.00%
Sub-Total A(2)	0	0	0	0.00%	0	0	0	0.00%
Total A= A(1)+A(2)	2734140	64000	2798140	29.41%	6864141	670400	7534541	57.68%
(B) Public Shareholding								
1) Institutions								
(a) Mutual Funds/UTI	0	0	0	0.00%	0	0	0	0.00%
(b) Financial Institutions / Banks	81738	0	81738	0.86%	522	0	522	0.00%
(c) Central Government/ State Government(s)	0	0	0	0.00%	0	0	0	0.00%
(d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%

(e) Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0.00%
(f) Foreign Institutional Investors	0	1300	1300	0	0	1300	0	1300	1300	0	1300	0.01%	1300	0.01%	0.00%
(g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0.00%
(h) Qualified Foreign Investors	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0.00%
(i) Others	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0.00%	0.00%
Sub-Total- B(1)	81738	1300	83038	0	0	1300	522	1300	1822	1300	1822	0.87%	1300	0.01%	-0.86%
(2) Non-Institutions															
(a) Bodies Corporate	3307479	113501	3420980			113501	1986963		113501	2100464		35.96%		16.08%	-19.88%
(b) Individuals															
(i) Individuals holding nominal share capital up to Rs. 1 lakh	1435863	163115	1598978			163115	1600872		159865	1760737		16.81%		13.48%	-3.33%
(ii) Individuals holding nominal share capital in excess of Rs. 1 lakh	1083137	230000	1313137			230000	1033479		380000	1413479		13.80%		10.82%	-2.98%
(c) Others															
Non Resident Individuals	147049	0	147049			0	250565		0	250565		1.55%		1.92%	0.37%
Clearing Members	2964	0	2964			0	2264		0	2264		0.03%		0.01%	-0.02%
NBFCs Registered with RBI	0	0	0			0	414		0	414		0.00%		0.00%	0.00%
Sub-Total- B(2)	5976492	656616	6633108	0	0	656616	4874557	653366	5527923	653366	5527923	69.72%	653366	42.31%	19.58%
Total B= B(1)+B(2)	6058230	657916	6716146	0	0	657916	4875079	654666	5529745	654666	5529745	70.59%	654666	42.32%	18.92%
Total A+B	8789470	724816	9514286			724816	11739220	1325066	13064286	13064286		100%	13064286	100%	
(c) Shares held by custodians, against which Depository Receipts have been issued															
(1) Promoter and Promoter group	0	0	0			0	0		0	0		0.00%	0	0.00%	
(2) Public	0	0	0			0	0		0	0		0.00%	0	0.00%	
Grand Total (A+B+C)	8789470	724816	9514286			724816	11739220	1325066	13064286	13064286		100%	13064286	100%	

Note: The % of holding at the beginning of the year is calculated on the number of shares as on 1st April 2015 i.e, 95,14,286 shares and at the end of the year is calculated on the number of shares as on 31st March 2016 i.e., 1,30,64,286 shares. The % change in shareholding of the promoters is calculated on the shareholding as on 31st March 2016.

ii) Shareholding of promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of the total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of the total shares of the company	% of shares pledged/ encumbered to total shares	
1	Dr R T Ravi	22900	0.24%	0.00%	198416	1.52%	0.00%	1.85%
2	Avinash Ravi	1548405	16.27%	12.93%	1589505	12.17%	1.53%	0.31%
3	Ipca Laboratories Limited	1800000	18.92%	0.00%	4100100	31.38%	0.00%	18.53%
4	Hemalata Ravi	894400	9.40%	9.39%	1544400	11.82%	1.53%	4.97%
5	Aditya Ravi	8820	0.09%	0.00%	8820	0.07%	0.00%	0.00%
6	Ajay Ravi	93300	0.98%	0.89%	93300	0.71%	0.00%	0.00%
7	SambasivaRao Ravi	25000	0.26%	0.00%	0	0.00%	0.00%	-0.26%
8	SunkaraHariRangaRao	110400	1.16%	0.00%	0	0.00%	0.00%	-1.16%
9	Sunkara Lakshmi Parvati	79416	0.83%	0.00%	0	0.00%	0.00%	-0.13%
10	MohdVahidullah	10000	0.11	0.00%	0	0.00%	0.00%	-0.11%
11	Jawaharlal Jasti	3500	0.04	0.00%	0	0.00%	0.00%	-0.04%
12	TalasilaVijaya Lakshmi	2600	0.03	0.00%	0	0.00%	0.00%	-0.03%
	Total	4598140	48.33%	23.21%	7534541	57.67%	3.06%	25.66%

Note: The % of holding of the promoters at the beginning of the year is calculated on the number of shares as on 1st April 2015 i.e, 95,14,286 shares and at the end of the year is calculated on the number of shares as on 31st March 2016 i.e., 1,30,64,286 shares.

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

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr R T Ravi	22900	0.24% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					22900	0.24% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				05.05.2015	Inter-se transfer from Mr. Sunkara Hari Ranga Rao and Mrs. Sunkara Lakshmi Parvati	175816	1.85% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)	198716	1.52% (% is calculated on the total shares as at the end of the year 31.03.2016 i.e 13064286 shares)
2.	Mr. Avinash Ravi	1548405	16.27% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					1548405	16.27% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				30.10.2015	Inter-se Transfer from Mr. Sambasiva Rao Ravi (25000 shares) and Mr. Mohd. Vahidullah (10000 shares)	35000	0.27% (% is calculated on the total shares as on the date of transfer i.e 13064286)	1589505	12.17% (% is calculated on the total shares as on 31.03.2016 i.e 13064286 shares)
				20.11.2015	Inter-se transfer from Mr. Jawahar Lal Jasthi	3500	0.03% (% is calculated on the total shares as on the date of transfer i.e 13064286)		
				11.03.2016	Inter-se transfer from Mrs. Talasila Vijaya Lakshmi	2600	0.02% (% is calculated on the total shares as on the date of transfer i.e 13064286)		

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	Mrs. Hemalata Ravi	894400	9.40% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					894400	9.40% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				03.10.2015	Allotment of 650,000 equity shares on preferential basis	650,000	4.97% (% is calculated on the total shares post allotment (i.e 13064286 shares)	1544400	11.82% (% is calculated on the total shares post allotment (i.e 13064286 shares)
4.	Ipca Laboratories Limited	18,00,000	18.92% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					18,00,000	18.92% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				09.05.2015	Allotment of 23,00,000 equity shares	23,00,000	18.53% (% is calculated on the total shares post allotment (i.e 12414286 shares)	4100100	31.38% (% is calculated on the total shares as on 31.03.2016 i.e 13064286 shares)
				27.11.2015	Open Offer	100	0.001%		
5.	Aditya Ravi	8820	0.09% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					8820	0.09% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				Nil	Nil	Nil	0.00%	8820	0.07% (% is calculated on the total shares as on 31.03.2016 i.e 13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Ajay Ravi	93300	0.98% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)	Nil	Nil	Nil	0.00%	93300	0.98% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)
7.	SunkaraHarirangaRao	110400	1.16% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)	05.05.2015	Inter-se transfer of 96400 shares to Dr R T Ravi Sale of 14000 shares	110400	-1.16%	110400	1.16% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)
8.	Sunkara Lakshmi Parvati	79416	0.83% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)	05.05.2015	Inter-se transfer of 79416 shares to Dr R T Ravi	79416	-0.83%	79416	0.83% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)
9.	Mohammad Vahidullah	10000	0.11% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)	30.10.2015	Inter-se Transfer of 10000 shares to Mr. Avinash Ravi	10000	-0.11%	10000	0.11% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	JawaharLalJasthi	3500	0.04% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)	20.11.2015	Inter-se transfer of shares to Mr. Avinash Ravi	3500	-0.04%	3500	0.04% (% is calculated on the total shares as on 01.04.2015 i.e.9514286 shares)
11.	SambasivaRao Ravi	25000	0.26% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					25000	0.26% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				30.10.2015	Inter-se transfer of shares to Mr. Avinash Ravi	25000	-0.26%	Nil	0.00%
12.	Tatasila Vijaya Lakshmi	2600	(% is calculated on the total shares as on the beginning of financial year i.e 9514286 shares) 0.03%					2600	0.03% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				11.03.2016	Inter-se transfer of shares to Mr. Avinash Ravi	2600	-0.03%	Nil	0.00%

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

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sun Pharmaceutical Industries Limited	10,50,000	11.04% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					10,50,000	11.04% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				N.A	N.A	Nil	Nil	10,50,000	8.04% (% is calculated on the total shares as on 31.03.2016 i.e 13064286 shares)
S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	Pinky Ventures Private Limited	Nil	0.00%					Nil	0.00%
				09.05.2015	Preferential Allotment	600000	4.83% (% is calculated on the total number of shares post allotment i.e, 12414286 shares)	600000	4.59% (% is calculated on the total number of shares as on 31.03.2016 i.e., 13064286 shares)
					Total	600000	4.83%		

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	ShaajiPallyath	123987	1.3% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					123987	1.3% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				09.04.2015	Purchase	13	0.000%	216716	1.86% (% is calculated on the total number of shares as on 31.03.2016 i.e., 1,3064286 shares)
				21.04.2015	Purchase	4000	0.042%		
				22.04.2015	Purchase	2000	0.021%		
				23.04.2015	Purchase	102	0.001%		
				27.04.2015	Purchase	4000	0.042%		
				28.04.2015	Purchase	98	0.001%		
				05.05.2015	Purchase	7034	0.074%		
				06.05.2015	Purchase	2001	0.021%		
				26.05.2015	Purchase	3400	0.027%		
				02.06.2015	Purchase	1000	0.008%		
				10.06.2015	Purchase	258	0.002%		
				02.07.2015	Purchase	831	0.007%		
				06.07.2015	Purchase	1276	0.010%		
				20.10.2015	Purchase	17500	0.134%		
				21.10.2015	Purchase	1288	0.010%		
				23.10.2015	Purchase	574	0.004%		
				27.10.2015	Purchase	3024	0.023%		
				28.10.2015	Purchase	511	0.004%		
				29.10.2015	Purchase	3823	0.029%		
				30.10.2015	Purchase	1395	0.011%		
				03.11.2015	Purchase	1885	0.014%		
				05.11.2015	Purchase	775	0.006%		
				10.11.2015	Purchase	1506	0.012%		
				13.11.2015	Purchase	7754	0.059%		
				16.11.2015	Purchase	5163	0.040%		
				17.11.2015	Purchase	5017	0.038%		
				18.11.2015	Purchase	1500	0.011%		
				19.11.2015	Purchase	2356	0.018%		
				20.11.2015	Purchase	1000	0.008%		
				23.11.2015	Purchase	500	0.004%		
				24.11.2015	Purchase	180	0.001%		
				25.11.2015	Purchase	3253	0.025%		
				27.11.2015	Purchase	3112	0.024%		
				30.11.2015	Purchase	100	0.001%		
				01.12.2015	Purchase	50	0.000%		
				15.01.2016	Purchase	2729	0.021%		
				20.01.2016	Purchase	305	0.002%		
				21.01.2016	Purchase	195	0.001%		
				22.01.2016	Purchase	1200	0.009%		
				10.02.2016	Purchase	21	0.000%		
					Total	92729	0.767%*		



S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	K. Satish	266493	2.80% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)					266493	2.80% (% is calculated on the total shares as on 01.04.2015 i.e9514286 shares)
				09.04.2015	Sale	6000	0.06%	215000	1.64% (% is calculated on the no. of shares as on 31.03.2016 i.e13064286 shares)
				13.04.2015	Sale	493	0.005%		
				28.09.2015	Sale	10000	0.08%		
				29.09.2015	Sale	4131	0.03%		
				30.09.2015	Sale	514	0.004%		
				09.10.2015	Sale	3426	0.03%		
				12.10.2015	Sale	1269	0.01%		
				13.10.2015	Sale	6	0.00%		
				15.10.2015	Sale	10654	0.08%		
				16.10.2015	Sale	15000	0.11%		
				Total		51493	0.49%		

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	Edelweiss Asset Reconstruction Company	150000	1.58% (% iscalculated on the total shares as on 01.04.2015 i.e 9514286 shares)					150000	1.58% (% iscalculated on the total shares as on 01.04.2015 i.e9514286 shares)
				N.A	N.A	Nil	Nil	150000	1.15% (% is calculated on the total number of shares as on 31.03.2016 i.e,13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Gandhi Kanteti	91044	0.96 % (% is calculated on the total shares as on 01.04.2015 i.e.9514286 shares)	N.A	N.A	Nil	Nil	91044	0.96 % (% is calculated on the total shares as on 01.04.2015 i.e.9514286 shares)
				N.A	N.A	Nil	Nil	91044	0.67% (% is calculated on the total number of shares as on 31.03.2016 i.e.13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	B H Naga Raju	80000	0.84 % (% is calculated on the total shares as on 01.04.2015:i.e 9514286 shares)	N.A	N.A	Nil	Nil	80000	0.84 % (% is calculated on the total shares as on 01.04.2015:i.e 9514286 shares)
				N.A	N.A	Nil	Nil	80000	0.61% (% is calculated on the total number of shares as on 31.03.2016:i.e 13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	Murthy Raju	80000	0.84 % (% is calculated on the total shares as on 01.04.2015:i.e 9514286 shares)	N.A	N.A	Nil	Nil	80000	0.84 % (% is calculated on the total shares as on 01.04.2015:i.e 9514286 shares)
				N.A	N.A	Nil	Nil	80000	0.61% (% is calculated on the total number of shares as on 31.03.2016:i.e 13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	Sunidhi Securities & Finance Limited	75239	0.79 % (% is calculated on the total shares as on 01.04.2015: e 9514286 shares)					75239	0.79 % (% is calculated on the total shares as on 01.04.2015: e9514286 shares)
				N.A	N.A	Nil	Nil	75239	0.57% (% is calculated on the total number of shares as on 31.03.2016 i.e., 13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	Rachanadevi Reju Agarwal	Nil	0.00%					Nil	0.00%
				17.07.2015	Purchase	17238	0.14%	17238	0.54% (% is calculated on the total number of shares as on 31.03.2016 i.e., 13064286 shares)
				24.07.2015	Purchase	36642	0.30%	36642	
				31.07.2015	Purchase	901	0.01%	901	
				07.08.2015	Purchase	14868	0.12%	14868	
				14.08.2015	Purchase	548	0.00%	548	
				25.09.2015	Purchase	258	0.00%	258	
				26.02.2016	Sale	70455	0.54%	70455	
				11.03.2016	Purchase	70455	0.54%	70455	

v) Shareholding of Directors & KMP

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Dr R T Ravi (Non- Executive Director & Chairman)	22900	0.24% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)	05.05.2015	Inter - se transfer from Mr. Sunkara Hari RangaRao and Mrs. Sunkara Lakshmi Parvati	175816	1.85% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)	22900	0.24%
						198716	1.52% (% is calculated on the total shares as at the end of the year 31.03.2016 i.e 13064286 shares)		

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2.	Avinash Ravi (Managing Director)	1548405	16.27% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)	30.10.2015	Inter-se Transfer from Mr. Sambasiva Rao Ravi (25000 shares) and Mr. Mohd. Vahidullah (10000 shares)	35000	0.27% (% is calculated on the total shares as on the date of transfer i.e 13064286 shares)	1548405	16.27% (% is calculated on the total shares as on 01.04.2015 i.e 9514286 shares)
				20.11.2015	Inter-se transfer from Mr. Jawahar Lal Jasthi	3500	0.03% (% is calculated on the total shares as on the date of transfer i.e 13064286)	1589505	12.17% (% is calculated on the total shares as at the end of the year 31.03.2016 i.e 13064286 shares)
				11.03.2016	Inter-se transfer from Mrs. Tatasita Vijaya Lakshmi	2600	0.02% (% is calculated on the total shares as on the date of transfer i.e 13064286)		

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	G V L Prasad (Independent Director)	100000	1.05% (% is calculated on the total shares as on 01.04.2015 i.e.9514286 shares)					100000	1.05% (% is calculated on the total shares as on 01.04.2015 i.e. 9514286 shares)
				Nil	Nil	Nil	Nil	100000	0.76% (% is calculated on the total shares as at the end of the year 31.03.2016 i.e. 13064286 shares)

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Malati Tangirala (Independent Director)	Nil	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	Satish Khivara (Independent Director)	0	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	Manish Jain (Nominee Director)	0	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	E J Babu (Nominee Director)	0	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	Raj Kamal Prasad Verma (Independent Director)	0	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	Haritha Varanasi (Company Secretary)	0	0.00%					0	0.00%
				Nil	Nil	Nil	Nil	0	0.00%

S. No.	Name of the shareholder	Shareholding in the beginning of the year		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	C V R S N Kumar (CFU)	600	0.00%					600	0.00%
				22.06.2015	Sale	100	0.00%	Nil	0.00%
				23.10.2015	Sale	500	0.00%		0.00%

v. Indebtedness

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	1600	4491.27	0.00	6091.27
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	1600	4491.27	0.00	6091.27
Change in indebtedness during the year				
Additions	0.00	1665.63	0.00	1665.63
Reduction	200.00	0.00	0.00	(200.00)
Net change	200	1665.63	0.00	
Indebtedness at the end of the year				
i) Principal Amount	1400.00	6156.9	0.00	7556.9
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	1400.00	6156.9	0.00	7556.9

vi. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director & Whole-time Director and/or Manager: (Rs. in lakhs)

S.No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Managing Director	Whole-Time Director (Upto 12th August 2015)		
1.	Gross Salary	Dr RT Ravi (Up to 12th August 2015)	Mr. Avinash Ravi (From 13th August 2015)	Mr. Avinash Ravi (Up to 12th August, 2015)	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.19	26.65	4.09	32.93
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1.65	5.01	0.95	7.61
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	Nil	Nil	Nil	0.00
3.	Sweat Equity	Nil	Nil	Nil	0.00
4	Commission as % of profit	Nil	Nil	Nil	0.00
5	Others (please Specify)	Nil	Nil	Nil	0.00
	Total (A)	3.84	31.66	5.04	40.54
	Ceiling As per the Limit				

B. Remuneration to Other Directors

Particulars of Remuneration	Name of the Directors							Total Amount
	Dr R T Ravi (From 13.08. 2015)	G V L Prasad	MalatiTangirala	SatishKhivsara (w.e.f 13.08.2015)	Manish Jain (w.e.f. 12.02.2016)	E J Babu (w.e.f 12.02.2016)	Raj Kamal Prasad Verma (w.e.f.12.02.2016)	
a) Fee for attending Board Meetings	20000	80000	75000	55000	10000	10000	10000	260000
b) Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)	20000	80000	75000	55000	10000	10000	10000	260000

Remuneration to Key Managerial Personnel Other than MD/WTD/Manager: (Rs. in lakhs)

S.No.	Particulars of Remuneration	Company Secretary (w.e.f. 13th August, 2015)	Chief Financial Officer (w.e.f. 13th August, 2015)	Total Amount
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.80	5.20	8.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit	Nil	Nil	Nil
5	Others (please Specify)	Nil	Nil	Nil
	Total (A)	2.80	5.20	8.00
	Ceiling As per the Limit			

vii. Penalties/ Punishment/Compounding of Offences:

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

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

Place: Hyderabad
Date: 12.08.2016

ANNEXURE-V

**Conservation of energy, technology absorption and
Foreign exchange earnings and outgo**

(Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy :

i) Steps taken or impact on conservation of energy

Particulars	Unit I (Nellore)	Unit II (Vizag)
Energy conservation Initiatives carried	<p>a. In utilities CT water circulation pump used for compressors and dryer was 20 HP. Now as per current requirement pipe line modified and only 3 HP has been using.(saving is :15HP)</p> <p>b. Replaced 60W vessel lamps with 9W LED bulbs.</p> <p>c. In FLP fittings 160W lamps replaced with 23 W CFL.</p>	<p>a. For fermentation trial batches previously 210 TR chiller and 75HP pump chilled water circulation pump has been utilised, by modification of piping now we are utilizing 60TR chiller and 25HP pump has been using. (saving almost 50HP in pump side, and 60HP in chiller side.)</p> <p>b. VFD installed to 335HP air compressor to adjust the required load as per the requirement in B-block. (Achieved 10% saving)</p>
Energy Initiatives Planned	<p>a. Monitoring of air line to avoid leaks.</p> <p>b. Fluorescent and SV lamps, street lights etc. to be replaced with LED lamps to reduce power consumption.</p> <p>c. Auto power factor control panel installation.</p> <p>d. Installation temperature controllers, pressure switches wherever damaged, to increase the efficiency of chilling units.</p> <p>e. Implementation of continuous steam trap monitoring and condensation recovery.</p> <p>f. Proposal to verify and install HVLP (High volume low pressure) compressors to reduce power consumption</p>	<p>a. Auto control system to be provided to chilled water secondary pumps.</p> <p>b. Cyclic energy savers installed to air compressors.</p> <p>c. Replacement of mercury lamps to CFL.</p> <p>d. Auto power factor controller installation.</p> <p>e. Temperature controllers provided to cooling tower.</p> <p>f. Steam trap management</p>

- ii) Steps taken by the Company for utilizing alternate sources of energy.
Since the manufacturing operations at the plants are not yet full scale, there is no immediate requirement for alternate sources of energy.
- iii) The capital investment on energy conservation equipment.
The Company has not spent any material capital investment on energy conservation equipment.

B. Technology Absorption

Research & Development

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

Foreign Exchange Earnings and Outgo	Rs. in lakhs
Used	64.33
Earned	Nil

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

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

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

Place: Hyderabad

Date: 12.08.2016

MANAGEMENT DISCUSSION AND ANALYSIS

Economy

Indian Economy has seen a positive kick start with the Government pushing forward the reform process and focusing on sustainable growth. India is expected to grow between 7.5% to 8%. World economy growth consisting of developed countries continues to be slow while with developing countries we see good to fair performance based on country specific issues.

Industry Structure and Developments:

Pharmaceutical Industry worldwide is undergoing huge transformations. Global supply chains with larger involvement of generic companies is driving lower cost health care in developed countries and making health care affordable in the rest of the world.

Lifestyle diseases, old age conditions along with developed markets expansion will drive the growth in pharmaceutical industry.

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

Strengths & Opportunities:

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

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

Risks, Concerns & Threats:

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

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

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

Company infrastructure:

Krebs, having its Registered Office at Kothapalli (V), Anakapalli, Vishakapatnam, Andhra Pradesh and corporate office at Hyderabad, has two multi-purpose manufacturing facilities, Unit – I in Nellore and Unit – II in 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.15.85 lakhs compared to nil turnover in the previous accounting year registering a token turnover after re-opening of plants in the current financial year. Unit - I reported no revenues during the period under review. Unit II has reported revenue of Rs. 15.85 lakhs on domestic sales. The majority of the operations consist of making plants ready for manufacturing after the long shutdown.

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 Companies Act, 2013 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. 20.00 crores divided in to 2,00,00,00,0 (Two Crore) equity shares of Rs.10.00 each of which issued, subscribed and paid up capital is Rs.13.06 crores divided in to 1,30,64,286 Equity shares of Rs.10/- each. There is no other class of shares.

The convertible warrants allotted on 3rd October 2015 were converted into equity shares on 28th May 2016 and as on date, the issued, subscribed and paid up capital of the Company is Rs. 13.74 crores divided into 1,37,44,286 equity shares of Rs. 10/- each.

Reserves:

The reserves of the company decreased from Rs. (1409.92) lakhs to Rs. (1477.97) lakhs due to increased losses during the year.

Secured Loans:

The secured loan with Edelweiss Asset Reconstruction Company Limited has been reduced by Rs. 200.00 lakhs, as the instalments have been paid as per the agreement entered. As on 31st March, 2016, the secured loan stood at Rs. 1400.00 lakhs compared to Rs. 1600.00 lakhs during the previous year.

Investments:

No investments were undertaken during the year under review.

Inventories:

The value of inventories stood at 563.56 lakhs as at the end of the period i.e as on 31st March 2016 after providing for depletion in value of inventory on account of quality reduction and evaporation amounting to Rs. 126.93 lakhs. The raw materials, stores and spares are valued at "AT COST" and related inward transport and handling charges. Work in progress is valued at cost incurred up to the stage of manufacturing. Cost of finished goods includes all direct costs and an appropriate portion of overheads as per accepted principles of accounting.

Sundry Debtors:

During the year under review, the recovery from the debtors was continuous in spite of no material change in the turnover and the same was reflected as reduction from Rs. 2,207.28

lakhs to Rs. 2176.60 lakhs. 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 and deletions made during the year under review, amounted to Rs. 21.21 lakhs and Rs. 253.25 lakhs respectively, which takes the total gross block to Rs.16,452.03 lakhs as on 31st March, 2016 as against Rs.16,684.17 lakhs as on 31st March, 2015.

Depreciation:

The Company has been calculating depreciation on straight line method at the rates specified in Schedule II of the Companies Act, 2013 amounting to Rs. 448.62 lakhs as on 31st March 2016 as against Rs. 187.13 lakhs as on 6 months ended 31st March 2015 based on the useful life of the assets as per Schedule II of the Companies Act, 2013.

Raw Material:

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

Finance Charges:

The finance charges during the year amounted to Rs. 73.88 lakhs as against Rs.402.85 lakhs during the previous year during which the interest was paid to Pinky Ventures Private Limited and other statutory payments.

Overheads:

The Other Overheads are Rs. 776.87 lakhs for the FY 2015-16 as against Rs.304.57 lakhs for the 6 months period ended 31st March 2015, on account of revival of operations during the current accounting period.

Dividend:

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

Material developments in Human Resources:

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

Safety and Environment:

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

Cautionary Statement

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

in government regulations, tax regimes, besides other factors, such as litigations and labour negotiations.

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

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

Sd/-

AVINASH RAVI

Managing Director

(DIN : 01616152)

Place: Hyderabad

Date: 12.08.2016

CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Corporate Governance

Fairness, accountability, disclosures and transparency form the four pillars of your Company's philosophy of corporate governance. Your Company strongly believes that for attaining sustaining growth in this corporate world, 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 governance practices.

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

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

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the company has executed fresh listing agreement with the stock exchanges.

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

II. Board of Directors

- i. As on 31st March 2016, the Company has eight directors. Of the eight directors seven (i.e 87.5%) are non-executive directors and four (i.e 50%) are independent directors. The composition of board is in conformity with Regulation 17 of the listing regulations and Section 149 of the Act.
- ii. None of the directors on the company's Board hold directorships in more than 10 public companies. Furthermore, none of them is a member of more than ten committees or chairman of more than 5 committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on 31st March 2016 have been made by the Directors.
- iii. Independent Directors are non-executive directors as defined under regulation 16(1)(b) of the listing regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All independent directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) of the listing regulations read with Section 149(6) of the Act.
- iv. The names and categories of the Directors on the Board, their attendance, board meetings held during the year and number of directorships and committee chairmanships/memberships held by them in other public companies as on 31st March 2016 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act, Chairmanships/memberships of board committees shall only include audit committee and stakeholders' relationship committee.

Name	Attendance at the AGM held on 31st December, 2014	Attendance in Board Meetings		Number of directorships in other public companies		Number of committee positions held in other public companies	
		Held	Present	Chairman	Director	Chairman	Member
Dr. R.T. Ravi	Yes	6	5	Nil	Nil	Nil	Nil
Mr. Avinash Ravi	Yes	6	6	Nil	Nil	Nil	Nil
Mr. G.V.L. Prasad	Yes	6	6	Nil	Nil	Nil	Nil
Tangirala Malathi(\$)	Yes	6	6	Nil	Nil	Nil	Nil
Mr. Satish Khivsara#	Yes	6	4	Nil	Nil	Nil	Nil
Mr. Manish Jain*	NA	6	1	Nil	Nil	Nil	Nil
Mr. E.J. Babu*	NA	6	1	Nil	1	Nil	Nil
Mr. Raj Kamal Prasad Verma*	NA	6	1	Nil	Nil	Nil	Nil

Malati Tangirala attended the board meeting held on 9th November 2015 by video conference.

Mr. Satish Khivsara was appointed as Director in the Board meeting held on 13th August 2015

* Mr. Manish Jain, Mr. E J Babu and Mr. Raj Kamal Prasad Verma were appointed as directors at the Board meeting held on 12th February 2016.

v. Six board meetings were held during the year and gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meeting were held: 9th May 2015; 23rd May 2015; 13th August 2015; 3rd October 2015; 9th November 2015 and 12th February 2016.

The necessary quorum was present for all the meetings.

vi. During the year 2015-16, information as mentioned in Schedule II Part A of the Listing Regulations, has been placed before the Board.

vii. The terms and conditions of appointment of the Independent Directors are disclosed in the website of the company.

viii. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

ix. The details of the familiarisation programme will be available in the website of the company.

x. Details of equity shares of the Company held by directors as on 31st March 2016 are given below:

Name	Category	Number of equity shares
Dr R T Ravi	Non-Independent, Non-Executive	198416
Avinash Ravi	Non-Independent, Executive	1589505
G V L Prasad	Independent, Non-Executive	100000

- xi. Except Dr R T Ravi and Mr. Avinash Ravi, no other directors of the company are related to each other.
- III. Committees of the Board
- A. Audit Committee
- i. The audit committee of the company is constituted in line with the provisions of Regulation 18 of Listing Regulations, read with Section 177 of the Companies Act, 2013.
- ii. The terms of reference of the audit committee are broadly as under:
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommendation of appointment, remuneration and terms of appointment of auditors of the Company;
 - Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
 - Reviewing, with the management, the annual financial statements and auditors' report thereon before the submission to the board for approval, with particular reference to:
 - ★ Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub-section 3 of Section 134 of the Act.
 - ★ Changes, if any, in accounting policies and practices and reasons for the same.
 - ★ Major accounting entries involving estimates based on the exercise of judgment of the management.
 - ★ Significant adjustments made in the financial statements arising out of audit findings.
 - ★ Compliance with listing and other legal requirements relating to financial statements.
 - ★ Disclosure of any related party transactions.
 - ★ Qualifications in the draft auditors' report.
 - The audit committee shall review the information as required under the Listing Regulations and the Companies Act, 2013.
- iii. The audit committee invites such of the executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.
- iv. The previous Annual General Meeting (AGM) of the company was held on 29th September 2015 and was attended by Mr. G V L Prasad, Chairman of the Audit Committee.
- v. The Composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	No. of meetings during the financial year 2015-16	
		Held	Present
G V L Prasad (Chairman)	Independent, Non-Executive	4	4
Tangirala Malati	Independent, Non-Executive	4	4
Dr R T Ravi*	Non-Independent, Non-Executive	4	3
Satish Khivsara#	Independent, Non-Executive	4	1

*Dr R T Ravi was a member of the committee till 9th November 2015. Further, the audit committee has been re-constituted at the Board Meeting held on 9th November 2015 and Mr. Satish Khivsara has been inducted as member of the Audit Committee.

Mr. Satish Khivsara was appointed as Director into the board w.e.f 13th August 2015 and has been inducted to the Audit Committee as member at the board meeting held on 9th November 2015.

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

23rd May 2015, 13th August 2015, 9th November 2015 and 12th February 2016.

The necessary quorum was present for all the meetings.

B. Stakeholders' Relationship Committee

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

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

- Consider and resolve the grievances of shareholders of the Company including redressal of investor complaints such as transfer or credit of shares, non-receipt of dividend/notice/annual report etc and all other shareholders related matters.
- Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

iii. Four meetings of Stakeholders Relationship Committee were held during the year on 23rd May 2015; 14th August 2015; 9th November 2015; 12th February 2016.

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

Name	Category	No. of meetings during the financial year 2015-16	
		Held	Present
G V L Prasad (Chairman)	Independent, Non-Executive	4	4
Dr R T Ravi	Independent, Non-Executive	4	2
Avinash Ravi	Non-Independent, Non-Executive	4	3
Satish Khivsara #	Independent, Non-Executive	4	1

Mr. Satish Khivsara has been inducted as member of the Committee by reconstituting the committee at the meeting of the board of directors held on 9th November 2015.

v. Name, designation and address of compliance officer:

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

vi. Details of investor complaints received and redressed during the year 2015-16

Opening Balance	Received during the year	Redressed during the year	Closing balance
Nil	15	14	1

C. Nomination & Remuneration Committee

- i. The nomination and remuneration committee of the company is constituted in line with the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Act.
- ii. The broad terms of reference of the nomination and remuneration committee are as under:
 - Recommend to the Board the set up and composition of the Board and its committees including the formulation of criteria for determining qualifications, positive attributes and independence of a director.
 - Recommend to the Board appointment or re-appointment of directors.
 - Devise a policy on the Board diversity
 - Recommend to the Board appointment of Key Managerial Personnel.
 - Carry out evaluation of every director's performance and support the Board and independent directors in evaluation of the performance of the Board, its committees and individual directors.
 - Recommend to the Board the remuneration policy for directors or key managerial personnel.
 - Oversee the familiarisation programs for directors.
- iii. The composition of the nomination and remuneration committee and details of meetings attended by its members are:

Name	Category	No. of meetings during the financial year 2015-16	
		Held	Present
Satish Khivsara # (Chairman)	Independent, Non-Executive	2	1
Dr R T Ravi	Non-Independent, Non-Executive	2	2
G V L Prasad	Independent, Non-Executive	2	2
Tangirala Malati	Independent, Non-Executive	2	2

Mr. Satish Khivsara has been inducted as member of the Committee by reconstituting the Committee at the meeting of the board of directors held on 9th November 2015. Prior to the reconstitution, Tangirala Malati was the chairman of the committee.

Two nomination and remuneration committee meetings were held during the year. The dates on which the said meetings were held are:

13th August 2015; 12th February 2016.

- iv. The company doesn't have any employee stock option scheme.
- v. The performance evaluation criteria for independent directors is determined by the nomination and remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of

knowledge and expertise, effective management of relationship with stakeholders and independence of behaviour and judgment.

- vi. Remuneration policy in the company is designed to create a high performance culture. It enables the company to attract and retain the employees and motivating them to achieve results.
- vii. During the year 2015-16, the Company paid sitting fees of Rs. 10,000 per board meeting to its non-executive directors to attend the meeting and Rs. 10,000 for audit committee meeting and Rs. 5000 for stakeholders' relationship committee and nomination and remuneration committee meetings respectively. The company also reimburses out of pocket expenses and travel expenses incurred by the directors to attend the meetings.
- viii. Details of remuneration for the year ended 31st March 2016

a) Non-Executive Directors

Name	Sitting Fees (Rs. In lakhs)
Dr R T Ravi*	0.20
G V L Prasad	0.80
Tangirala Malati	0.75
Satish Khivsara#	0.55
Manish Jain(\$)	0.10
E J Babu(\$)	0.10
Raj Kamal Prasad Verma (\$)	0.10

*Dr R T Ravi has resigned as Managing Director and been appointed as Non-executive director w.e.f.13th August 2015.

#Mr. Satish Khivsara has been appointed as director w.e.f. 13th August 2015.

\$ Mr. Manish Jain, Mr. E J Babu and Mr. Raj Kamal Prasad Verma were appointed as directors w.e.f. 12th February 2016.

b) Executive Director

Name	Remuneration (Rs. In lakhs)
Dr R T Ravi (Up to 12th August, 2015)	2.19
Avinash Ravi As whole-time Director up to 13th August, 2015	4.09
As Managing Director from 13th August, 2015	26.65

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

IV. General Body Meetings

i. General Meeting

a. Annual General Meeting

Financial Year	Date	Time	Venue
2012-13 (15 months ended 30.06.2013)	21-12-2013	11.00 AM	10-1-124, Ivory Room, Golconda Hotel, Masab Tank, Hyderabad- 500028.
2013-14 (15 months ended 30.09.2014)	31-12-2014	11:00 AM	KLN Prasad Auditorium, FAPPCI, 11-6-841, Red Hills, Hyderabad- 500004
2014-15 (6 months ended 31-03-2015)	29.09.2015	03:00 PM	Surana Udyog Auditorium, FAPPCI, 11-6-841, Red Hills, Hyderabad- 500004

b. Special Resolutions passed:

- No special resolutions were passed at the 21st Annual General Meeting held on 21st December 2013.
- At the 22nd Annual General Meeting held on 31st December 2014, the following special resolutions were passed:
 - To re-appoint and fix the remuneration of Mr. Avinash Ravi, Whole-time director.
 - To authorize the company to borrow sums of money as and when necessary which shall not exceed the aggregate paid up capital and free reserves by more than Rs. 200.00 crores.
 - To authorize the Board under section 180(1)(a) of the Companies Act, 2013 for creation of such mortgages, charges and hypothecation on all immovable properties of the Company.
- At the 23rd Annual General Meeting held on 29th September 2015, the following special resolution was passed:
 - To appoint Mr. Avinash Ravi as Managing Director of the Company and fix his remuneration.

ii. Postal Ballot

During the year two postal ballots were conducted and the details are given below:

- Postal ballot conducted on June, 2015 and the results of which were declared on 22nd June 2015, to rectify the errata in the explanatory statement to the resolution No.1 in the notice of EGM dated 13th February 2015. The Company had appointed Mrs. Jhansi Laxmi, practicing Company Secretary, as scrutinizer to conduct the postal ballot in a fair and transparent manner.
- Postal ballot conducted on October, 2015, the results of which were declared on 9th November 2015, to obtain the approval of the members of the company, to shift the registered office of the company from Hyderabad in the state of Telangana to Vishakapatnam in the State of Andhra Pradesh. The Company had appointed Mrs. Jhansi Laxmi, practicing Company Secretary, as scrutinizer to conduct the postal ballot in a fair and transparent manner.

V. Other Disclosures:

i. Related Party Transactions:

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

<http://krebsbiochem.com/documents/5aee5e0699e319c98babbeab46a15557.pdf>

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

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

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

v. Reconciliation of share capital audit:

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

vi. Code of Conduct

The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year ended 31st March 2016. The annual report of the company contains a certificate by the managing director in terms of the Listing Regulations on the compliance declarations received from Independent Directors, Non-executive directors and senior management.

VI. Means of Communication

The quarterly, half-yearly and annual results of the company are published in newspapers which include Financial Express and Praja Sakti. The results are also displayed on the company's website "krebsbiochem.com". A management discussion and analysis report is a part of the annual report.

VII. General Shareholder Information

i. Annual General Meeting for FY 2015-16

Date : 29th September 2016
 Time : 11:00 AM
 Venue : At the registered office of the company,
 S R Gardens,
 Kothapalli Village, Kasimkota Mandal,
 Vishakapatnam District, Andhra Pradesh - 531031

As required under Regulation 36(3) of listing regulations, particulars of directors seeking appointment at the forthcoming AGM are given herein in the annexure to the notice of the AGM to be held on Thursday 29th September 2016 at 3:30 PM.

ii. Financial Calendar : 1st April to 31st March

AGM in : September

iii. Date of Book Closure : As mentioned in the notice to AGM to be held on 29th September 2016

- iv. Listing on Stock Exchanges : BSE Limited (“BSE”)
P J Towers, Dalal Street, Fort, Mumbai- 400001.
Stock code: 524518
National Stock Exchange of India Limited (“NSE”)
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai- 400051.
Stock Code: KREBSBIO

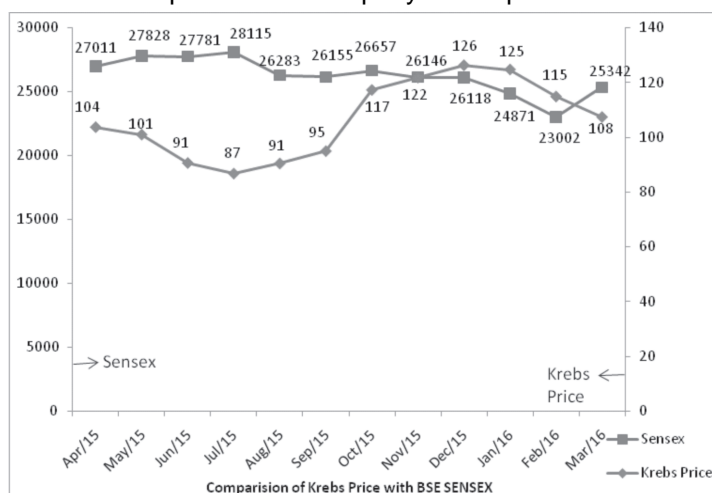
The trading of company shares in NSE is under suspension since April 2002. The Company has filed a fresh application for revocation of suspension of trading of shares of the Company with NSE on September 2015 and it is in process with the Exchange.

The listing fees as applicable have been paid to both the exchanges.

- v. Corporate Identity Number (CIN) of the Company : L24110AP1991PLC103912
- vi. Market price data
High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2015-16 in BSE:

Month	High (Rs.)	Low(Rs.)	No. of shares traded
April-2015	149.25	92.00	579633
May 2015	120.6	76.90	251533
June 2015	104.00	80.20	113616
July 2015	107.9	83.20	254903
August 2015	111.9	81.10	146997
September 2015	118.00	81.00	92661
October 2015	156.00	100.00	314172
November 2015	128.70	106.20	197040
December 2015	165.00	105.00	201153
January 2016	146.20	105.10	81930
February 2016	129.90	99.90	84466
March 2016	115.60	99.70	65729

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



viii. Registrars and Share Transfer Agents

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

Telephone : 040-67161505

Fax : 040-67161500

E-mail : einward.ris@karvy.com

Website : www.karvycomputershare.com

ix. Share Transfer System:

89.85% of the equity shares of the company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the company. As regards transfer of shares held in physical form the transfer of shares can be lodged with Karvy Computershare Private Limited at the above mentioned address.

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

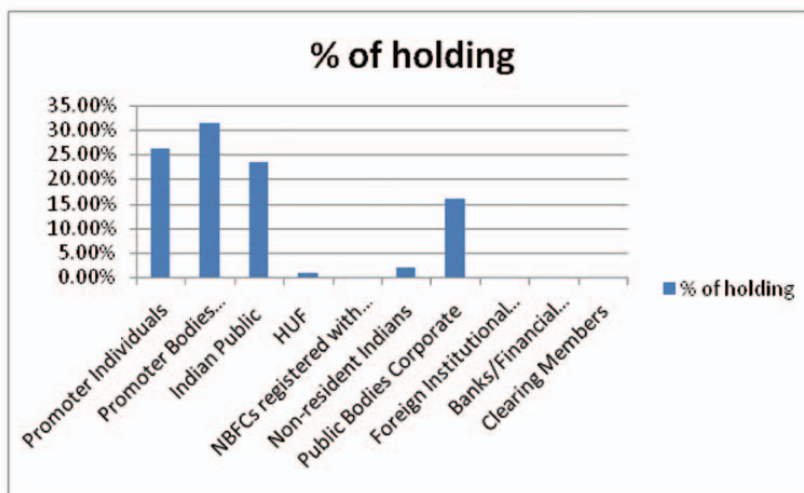
x. Shareholding as on 31st March 2016:

A. Distribution of shareholding as on 31st March 2016

Category (Amount)	No. of cases	% of cases	Total shares	Amount	% of amount
1-5000	5264	89.00%	700933	7009330	5.37%
5001-10000	321	5.43%	255403	2554030	1.95%
10001-20000	133	2.25%	196371	1963710	1.50%
20001-30000	66	1.12%	173134	1731340	1.33%
30001-40000	27	0.46%	97371	973710	0.75%
40001-50001	21	0.35%	100874	1008740	0.77%
50000-100000	33	0.56%	233844	2338440	1.79%
100001 & above	49	0.83%	11306356	113063560	86.54%
Grand Total	5914	100%	13064286	130642860	100%

B. Categories of equity shareholders as on 31st March 2016:

Category	No. of equity shares held	% of holding
Promoter Individuals	3434441	26.29%
Promoter Bodies Corporate	4100100	31.38%
Indian Public	3062097	23.44%
HUF	110119	0.84%
NBFCs registered with RBI	414	0.01%
Non-resident Indians	250565	1.92%
Public Bodies Corporate	2100464	16.08%
Foreign Institutional Investors	1300	0.01%
Banks/Financial Institutions	522	0.01%
Clearing Members	2264	0.02%
Total	13064286	100%



C. Top ten equity shareholders of the company as on 31st March 2016:

S.No	Name of the equity shareholder	No. of equity shares held	% of holding
1.	Ipca Laboratories Limited	4100100	31.38%
2.	Avinash Ravi	1589505	12.17%
3.	Hemalata Ravi	1544400	11.82%
4.	Sun Pharmaceutical Industries Limited	1050000	8.04%
5.	Pinky Ventures Private Limited	600000	4.59%
6.	Shaaji Palliyath	216716	1.66%
7.	K. Satish	215000	1.64%
8.	R T Ravi	198416	1.52%
9.	Edelweiss Asset Reconstruction Company Limited	150000	1.15%
10.	G V L Prasad	100000	0.77%

xi. Dematerialisation of shares and liquidity:

The company's shares are compulsorily traded in dematerialised form on BSE. Equity shares of the company representing 89.5% of the company's equity share capital are dematerialised as on 31st March 2016.

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

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

The Company has not issued any GDRs/ADRs in the past. The company has allotted 680,000 convertible warrants to Mrs. Hemalata Ravi, belonging to promoter group, at the board meeting held on 3rd October 2015 after obtaining necessary approvals from BSE and the shareholders of the company.

The said warrants are converted into equity shares and the shares were allotted to the allottee at the Board meeting held on 28th May 2016. As a result, the paid-up equity share capital of the company as on date is Rs. 13,74,42,860/- (Rupees Thirteen Crores Seventy Four Lakhs Forty Two Thousand Eight Hundred and Sixty only).

xiii. Plant Locations:

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

Unit I:

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

Unit II:

Kothapalli (Village), Kasimkota (Mandal),
Anakapalli, Vishakapatnam(District),
Andhra Pradesh- 531031.
Email- marketing@krebsbiochem.com

xiv. Address for correspondence:

Registered Office:

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

Corporate Office:

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

Phone: 040-66808040

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

Website: krebsbiochem.com



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

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

I confirm that the Company has in respect of the year ended 31st March 2016, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the code of conduct as applicable to them.

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

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

Place: Hyderabad
Date: 12.08.2016

INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE

To the members of
Krebs Biochemicals & Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by Krebs Biochemicals & Industries Limited ("the Company"), for the year ended on 31st March, 2016, as stipulated in:
 - Clause 49 of the listing agreement of the company with stock exchanges, for the period 1st April 2015 to 30th November 2015.
 - Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except sub-regulation 4 of Regulation 23 of the said regulations for the period from September 2015 to 31st March 2016.
 - Regulations 17 to 27 (excluding 23(4)) and clauses (b) to (i) of regulation 46 (2) and Paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) for the period 1st December 2015 to 31st March 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. We have examined the relevant records of the company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31st March 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

N. Rajesh
Partner
(M. No. F-223169)

Place: Hyderabad
Date:12.08.2016

MANAGING DIRECTOR AND CFO CERTIFICATION

To the members of
Krebs Biochemicals & Industries Limited

We, Avinash Ravi, Managing Director of the Company and C V R S N Kumar, Chief Financial Officer of the Company, herewith certify that:

- a) We have reviewed the audited financial results and the cash flow statements for the quarter and year ended 31st March 2016 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and audit committee, that there are no deficiencies in the design or operation of such internal controls, of which we are aware.
- d) We have indicated to the Auditors and Audit Committee :
 - 1) There are no significant changes in the internal control over financial reporting during the year;
 - 2) There are no significant changes in the accounting policies during the year ; and
 - 3) That there are no instances of significant fraud and the involvement therein of the management or an employee of the company having a significant role on the company's internal control system over financial reporting.

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

Sd/-
C V R S N Kumar
CFO

Place: Hyderabad
Date: 12.08.2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Standalone Financial Statements:

We have audited the accompanying financial statements of M/s. M/s. KREBS BIOCHEMICALS & INDUSTRIES LIMITED, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period ended 31st March, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the company are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 audit opinion.

Basis for Qualified Opinion

Reference is invited to Note 14 of the financial statements, The Company's Non Current Assets consist of Long Term Trade Receivables of Rs.2,173.82 lacs and Other Loans and advances of Rs 177.50lacs. 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 made a provision for the same, the loss of the period would have been higher by the said amount.

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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ending 31st March, 2016;
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2 As required by section 143(3) of the Act, we further report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the applicable accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.
 - f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i. The Company has pending litigations which will have an impact on its financial position in the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There have been no occasions in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund.

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

(CA N. RAJESH)
PARTNER
M.No : 223169

Place : Hyderabad
Date : 28/05/2016

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- iv. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
 - b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
 - 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
 - 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
 - 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
 - 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities though there has been slight delay in few cases.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
 - (c) According to the information and explanations given to us, the following are disputed dues relating to Wealth tax, Duty of Customs and Cess which have not been deposited with the appropriate authorities on account of any dispute.



	Name of the Statute	Nature of the Dispute	Amount (Rs)	Period to which the amounts relate (F.Y)	Forum where the dispute is pending and amount deposited
8	Central Excise Act, 1944	Excise Duty & Service Tax	1,25,29,949	FY 2008-09	Central Excise and Service Tax Appellate Tribunal, Hyderabad.
	Income Tax Act, 1961	Income tax	3,15,52,734	From FY 2003-04 to FY 2005-06	AP High Court

In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment or private placement of shares during the year under review according to the requirement of Sec 42 of the Companies Act 2013 and the amount raised have been used for the purposes for which the funds were raised.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Place : Hyderabad
Date : 28/05/2016

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KREBS BIOCHEMICALS & INDUSTRIES LIMITED

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

We have audited the internal financial controls over financial reporting of KREBS BIOCHEMICALS & INDUSTRIES LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Hyderabad
Date : 28/05/2016

KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
BALANCE SHEET AS AT 31ST MARCH 2016

(Rs in Lakhs)

PARTICULARS	Note	As at	
		31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
Share Capital	4	1,306.43	951.43
Reserves and Surplus	5	(1,477.97)	(1,407.92)
Money received against Share Warrants		367.20	367.20
		195.66	(89.29)
(2) Share application money pending allotment		-	1,917.00
(3) Non-current liabilities			
Long - Term Borrowings	6	7,104.72	5,760.90
Long - Term Provisions	8	414.09	382.87
		7,518.81	6,143.76
(4) Current liabilities			
Trade Payables	9	1,236.65	1,654.27
Other Current Liabilities	10	1,560.46	1,209.25
Short - Term Provisions	11	24.59	8.93
		2,821.70	2,872.45
TOTAL		10,536.17	10,843.92
II. ASSETS			
(1) Non-current assets			
Fixed Assets			
(i) Tangible assets	12A	4,437.92	5,097.94
(ii) Intangible assets under development	12B	508.22	746.28
(iii) Capital Work - in - Progress		1,054.19	-
Deferred Tax Asset (Net)	7	131.30	131.30
Long-term Loans and Advances	13	217.30	137.35
Other Non - Current Assets	14	3,248.29	3,244.27
		9,597.22	9,357.15
(2) Current assets			
Inventories	15	563.56	545.30
Trade Receivables	16	2.78	37.28
Cash and Cash Equivalents	17	26.81	630.94
Short-term Loans and Advances	18	345.80	273.25
		938.95	1,486.77
TOTAL		10,536.17	10,843.92
Notes forming part of financial statements	1-39		

per our report of even date

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

Sd/-

CA N.RajeshPartner
M.NO.223169

Place : Hyderabad

Date : 28.05.2016

for and on behalf of the Board of Directors

Sd/-

DR. R.T. RAVI

Chairman

DIN: 00272977

Sd/-

AVINASH RAVI

Managing Director

DIN: 01616152

Sd/-

HARITHA VARANASI

Company Secretary

Sd/-

C.V.R.S.N.KUMAR

C F O

KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs in Lakhs)

PARTICULARS	Note	Year Ended 31.03.2016	Six Months Ended 31.03.2015
I INCOME :			
Sales Income	19	15.85	-
Other Income	20	204.82	1.12
Total Revenue		220.67	1.12
II EXPENDITURE :			
Cost of Material Consumed	21	177.26	-
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	22	(162.69)	(0.00)
Employee Benefits Expenses	23	566.52	185.68
Finance Costs	24	73.88	402.85
Depreciation	12A	448.62	187.13
Other Manufacturing Expenses	25	449.13	90.76
Other Expenses	26	327.74	213.81
Total Expenses		1,880.46	1,080.23
III Profit before extra - ordinary items & tax (I - II)		(1,659.79)	(1,079.11)
IV Exceptional Items:			
Amounts Written Back		96.49	-
Profit on Sale of Food Division's Immovables		59.12	-
Depletion in Value of Inventory		(126.93)	(2,637.91)
Waiver of Principal of Bank Loans & Others		-	3,625.17
Debit Balances written off		(0.93)	(692.16)
		(1,632.04)	(784.01)
V Tax Expenses:			
Current Tax		-	-
Deffered Tax Asset / (Liability)		-	-
VI Profit/(Loss) for the period (III-IV)		(1,632.04)	(784.01)
VII Earnings per equity share of par value Rs 10/- each			
Basic		(13.24)	(8.24)
Diluted		(12.54)	(8.24)
23 No.of shares used in computing earnings per share (In Lakhs)			
Basic		130.64	95.14
Diluted		123.30	95.14
Notes forming part of financial statements	1- 39		

per our report of even date

for and on behalf of the Board of Directors

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

Sd/-

CA N.Rajesh

Partner

M.NO.223169

Place : Hyderabad

Date : 28.05.2016

Sd/-

DR. R.T. RAVI

Chairman

DIN: 00272977

Sd/-

HARITHA VARANASI

Company Secretary

Sd/-

AVINASH RAVI

Managing Director

DIN: 01616152

Sd/-

C.V.R.S.N.KUMAR

C F O

KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
Cash Flow Statement for the Year Ended 31.03.2016

(Rs in lacs)

PARTICULARS	Twelve Months ended 31st March, 2016	Six months ended 31st March, 2015
Net Profit before tax and extraordinary items	(1659.79)	(1079.11)
Adjustments for:		
Depreciation	448.62	187.13
Financial Charges	73.88	402.85
Exceptional Items	27.75	295.10
Interest received /Other Income	(204.82)	(1.12)
Operating Profit before Working Capital Changes	(1,314.36)	(195.16)
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	30.47	14.49
(Increase)/Decrease in Inventories	(18.26)	2,537.13
(increase)/Decrease in Long Term Loans & Advances	(56.15)	623.34
(increase)/Decrease in Short Term Loans & Advances	(72.55)	427.78
(increase)/Decrease in Other Current Assets	-	-
Increase/(Decrease) in Long Term Provisions	31.22	4.70
Increase/(Decrease) in Short Term Provisions	15.66	(4.39)
Increase/(Decrease) in Trade Payables	(417.61)	(324.90)
Increase/(Decrease) in Other Current Liabilities	351.21	(7,205.93)
Cash generated from Operations	(136.01)	(3,927.78)
Financial Charges paid	(73.88)	(402.85)
Direct Taxes paid	(23.80)	(0.11)
Net Cash provided/(Used) from operating activities	(1,548.05)	(4,525.90)
(Increase) / Decrease of Fixed Assets	449.47	(292.92)
(Increase) / Decrease of Capital Work-in-Progress	(1,054.19)	-
Interest Received/Other Income	204.82	1.12
Net Cash used in Investing Activities	(399.90)	(291.80)
Proceeds from long term borrowings	1,343.82	3,476.78
Increase/(Decrease) in Utilisation of Working Capital Loans	-	(347.94)
Increase/(Decrease) in Share Capital	-	1,917.00
Increase/(Decrease) in Share Premium	-	-
Increase/(Decrease) in Share Warrants	-	367.20
Net Cash provided/(Used) from financing activities	1,343.82	5,413.03
Net Increase in Cash and Cash equivalents	(604.13)	595.33
Cash and Cash equivalents as at the commencement of the year	630.95	35.62
Cash and Cash equivalents as at the close of the year	26.81	630.95

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm's Reg No : 012194S

Sd/-

CA N.Rajesh

Partner

M.NO.223169

Place : Hyderabad

Date : 28.05.2016

for and on behalf of the Board of Directors

Sd/-

DR. R.T. RAVI

Chairman

DIN: 00272977

Sd/-

AVINASH RAVI

Managing Director

DIN: 01616152

NOTES to the Financial Statements for the Year Ended 31st March, 2016

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, 2013. 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

As per AS-2, Raw Materials, Work-In-Progress and Finished Goods are valued at lower of the cost or net realisable value.

3.3 Depreciation and amortisation

Depreciation has been calculated on straight-line method at the rates specified in Schedule II to the Companies Act, 2013 for the Financial Year ending 31st March 2016. The useful life of the assets adopted by the company is as per schedule II of the Companies Act, 2013 and as follows:

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

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 31.03.2016		As at 31.03.2015	
	No.of Shares	Amount	No.of Shares	Amount
I. Authorised: Equity shares of Rs 10 each with voting rights	200.00	2,000.00	200.00	2,000.00
II. Issued,Subscribed and Paid up: Equity shares of Rs 10 each with voting rights	130.64	1,306.43	95.14	951.43
	130.64	1,306.43	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 31st Mar, 2016		As at 31st March, 2015	
	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 (*)	35.50	355.00	-	-
Closing Balance	130.64	1,306.43	95.14	951.43

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

Names of share holders	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
Ipca Laboratories Ltd	41.00	31.38%	18.00	18.91%
Avinash Ravi	15.90	12.17%	15.48	16.27%
Hemalatha Ravi	15.44	11.82%	8.94	9.40%
Sun Pharmaceutical Industries Ltd	10.50	8.04%	10.50	11.04%
	82.84	63.41%	52.93	55.62%

Notes : (1) During the year the company has allotted 23.00 lacs and 6.00 lacs equity shares of Rs.10/- each at a premium of Rs.44/- to Ipca Laboratories Ltd and Pinky Ventures Pvt. Ltd on 23.05.2015. Further, the company has allotted 6.50 lacs equity shares of Rs.10/- each at a premium of Rs.44/- to Mrs. Hemalatha Ravi on 03.10.2015.

(2) During the year the company has allotted 6.80 lacs share warrants to Mrs. Hemalatha Ravi on 03.10.2015, each of which is convertible into one equity share of Rs.10/- each at a premium of Rs.44/-. The share warrants are convertible into equity shares with in 18 months from the date of allotment.

NOTE - 5

Reserves and Surplus

(Rs. in Lacs)

	As at 31.03.2016		As at 31.03.2015	
Share Premium Account				
As at Commencement of the Year	4,000.17		4,000.17	
Add : Received on further issue of shares	1,562.00	5,562.17	-	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	(5,447.47)		(4,630.79)	
Depreciation as per Companies Act 2013	-		(32.66)	
Add : Transferred from Profit & Loss Account	(1,632.04)		(784.01)	
TOTAL		(7,079.52)		(5,447.47)
		(1,477.97)		(1,407.92)

NOTE - 6

Long Term Borrowings

(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
A) Secured Loans		
Edelweiss Asset Reconstruction Company Ltd	1,000.00	1,400.00
	1,000.00	1,400.00
B) Unsecured Loans - Others		
(i) Inter Corporate Deposit	1,140.00	-
(ii) Interest Free Sales Tax Loan	364.72	416.90
(iii) Directors	100.00	-
	1,604.72	416.90
C) Lease Deposit	4,500.00	3,944.00
Total Long Term Borrowings	7,104.72	5,760.90
Current maturities (Shown under Current liabilities)		
Secured Loans		
Edelweiss Asset Reconstruction Company Ltd	400.00	200.00
	400.00	200.00
Unsecured Loans		
Arthemis Biotech	-	35.72
Interest Free Sales Tax Loan	52.18	94.66
	52.18	130.38
Total current maturities of Long Term Borrowings	452.18	330.38
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 - 10, 'Other Current Liabilities'.		
b) A total amount of Rs.14.00 Crores is payable to EARC. Out of which Rs.4.00 Crore is payable before March, 2017 and is classified as current maturities of Long Term Borrowings. The remaining balance of Rs.10.00 Crores is payable in quarterly installments of Rs.1.00 crore each ending with 30.09.2019.		
c) The company has entered into long term lease agreement with M/s IPCA Laboratories Ltd and received a interest free refundable lease deposit of Rs.45.00 crores as on 31.03.2016. The following are the terms of lease agreement.		
(i) Lease period is for 5 years starting from 1st July 2015		
(ii) Lease rental is Rs 1.20 crores p.a for Unit - I (Nellore)		

NOTE - 7**Net Deferred Tax Liability / (Asset)****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
On Depreciation (Difference of as per Books & as Per Income Tax Act)	(128.77)	(128.77)
On Accrued compensation to employees	(2.53)	(2.53)
TOTAL	(131.30)	(131.30)

NOTE- 8**Long Term Provisions****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Provision for Employee Benefits		
Provision for Gratuity (net)	237.52	206.30
Other Provisions	176.57	176.57
TOTAL	414.09	382.87

NOTE - 9**Trade Payables****(Rs. in Lacs)**

	As at 31.03.2016		As at 31.03.2015	
Dues to other than Micro and Small Enterprises				
Creditors for Materials	1,188.07		1,580.14	
Creditors for Services	48.58		74.13	
		1,236.65		1,654.27
TOTAL		1,236.65		1,654.27

NOTE - 10**Other Current Liabilities****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Current maturities of long term borrowings (Refer Note 6)	452.18	330.38
Statutory Remittances	62.57	63.92
Payables for Capital Works	242.35	24.08
Payables for Other Expenses	598.73	543.81
Salaries Payable	137.98	187.69
Audit Fees Payable	9.40	8.33
Directors Remuneration Payable	39.04	33.36
Advance from Customers	18.21	17.68
TOTAL	1,560.46	1,209.25

NOTE - 11**Short Term Provisions :****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Provision for Bonus	24.59	8.93
TOTAL	24.59	8.93

NOTE- 12 : Fixed Assets

(Rs. in Lacs)

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April, 2015	Additions	Deletions	Balance as at 31st Mar, 2016	Depreciation charge for the period	Adjustments on deletions	Balance as at 31st Mar, 2016	Balance as at 31 March, 2015
A								
Tangible Assets								
Land	155.77	-	60.52	95.25	-	-	95.25	155.77
Wells	23.38	0.55	0.57	23.36	-	-	23.36	23.38
Buildings - Factory	1,827.64	-	167.98	1,659.66	72.63	19.35	932.22	1,153.48
Buildings - Non Factory	132.05	-	24.28	107.77	2.30	1.38	83.74	108.94
Plant & Machinery-Pharma Divisions	10,609.38	-	-	7,798.82	259.11	-	2,551.45	2,810.56
Plant & Machinery-Power Plant	1,204.36	-	-	892.16	9.32	-	302.88	312.20
Boilers	97.47	-	-	97.47	-	-	-	-
Electrical Installations	719.51	-	-	411.58	63.84	-	244.09	307.93
D.G.Set	350.93	-	-	344.32	0.63	-	5.98	6.61
Effluent Treatment Plant	653.34	-	-	584.30	6.27	-	62.77	69.04
Factory Equipment	152.23	-	-	129.01	3.02	-	20.20	23.22
Lab Equipment	375.38	-	-	305.13	6.32	-	63.93	70.25
Research&Dev.Equipment	104.15	-	-	88.79	1.94	-	13.42	15.36
Office Equipment	47.79	1.73	-	35.00	11.51	-	3.01	12.79
Furniture and Fixtures	50.35	7.88	-	45.25	0.80	-	12.18	5.10
Vehicles	118.16	-	-	96.63	9.25	-	12.28	21.53
Computers	62.28	11.05	-	60.49	1.68	-	11.16	1.79
SUB TOTAL (A)	16,684.17	21.21	253.35	11,586.22	448.62	20.73	4,437.92	5,097.95
B								
Intangible assets under Development								
Product Development Expenses	746.28	20.21	258.27	508.22	-	-	508.22	746.28
SUB TOTAL (B)	746.28	20.21	258.27	508.22	-	-	508.22	746.28
"Total [A + B]"(Current Year)"	17,430.45	41.42	511.62	11,586.22	448.62	20.73	4,946.14	5,844.23
(Previous Year)	17,137.53	292.92	-	11,366.44	187.13	-	5,844.22	5,754.01

NOTE- 13**Long-Term Loans and advances****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered Good :		
Advances for Capital Goods	82.23	27.76
Electricity Deposits	48.00	48.00
Rent Deposits	5.22	5.22
Other Deposits	1.68	-
Deposit with Central Excise Dept.	20.00	20.00
Advance Income Taxes	60.17	36.37
TOTAL	217.30	137.35

NOTE- 14**Other Non Current Assets****(Rs. in Lacs)**

	As at 31.03.2016		As at 31.03.2015	
Long Term Trade Receivables				
Unsecured, Considered Good		2,173.82		2,169.80
Long Term Advances				
Capital Advances	896.97		896.97	
Other Loans and Advances	177.50	1,074.47	177.50	1,074.47
TOTAL		3,248.29		3,244.27

Note: 1: The recovery of above Long Term Trade Receivables of Rs.2,173.82 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: 2: The recovery of Capital Advances of Rs.896.97 Lakhs represents expenditure incurred on NVR Co-operative Sugar Factory has been treated as advance recoverable since the Company is claiming the same from Government of Andhra Pradesh / NVR Co-operative Sugar Factory.

Note: 3: The recovery of other Loans and Advances of Rs. 177.50 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- 15**Inventories****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Raw Materials	110.53	221.28
Work-in-Progress	376.96	239.40
Finished Goods	17.43	24.64
Stores, Spares & Consumables	58.64	59.99
TOTAL	563.56	545.30

NOTE- 16**Trade Receivables****(Rs. in Lacs)**

	As at 31.03.2016	As at 31.03.2015
Unsecured, Considered good		
Debtors outstanding for a period exceeding six months	-	37.28
Other Debtors	2.78	-
TOTAL	2.78	37.28

NOTE- 17**Cash & Bank Balances****(Rs. in Lacs)**

	As at 31.03.2016		As at 31.03.2015	
Cash in Hand		0.22		3.98
Balance with noted Banks :				
In Current Accounts	5.09		605.46	
In Margin Money Accounts	21.50	26.59	21.50	626.96
TOTAL		26.81		630.94

NOTE- 18**Short-term Loans & Advances**

(Rs. in Lacs)

	As at 31.03.2016		As at 31.03.2015	
Unsecured Advances - Considered good				
(i) Loans and advances to employees		4.97		5.00
(ii) Prepaid Expenses		5.03		4.49
(iii) Balances with Govt Authorities				
- CENVAT credit receivable	143.51		51.84	
- VAT credit receivable	82.73		99.12	
- Service Tax credit receivable	101.09		58.12	
		327.33		209.08
(iv) Others				
- Advance for Materials	4.41		43.75	
- Interest accrued on deposits	2.89		1.01	
- Other advances	1.17	8.47	9.92	54.68
TOTAL		345.80		273.25

NOTE- 19**Sales Income**

(Rs. in Lacs)

	Year ended 31.03.2016	Six months ended 31.03.2015
Domestic Sales	15.85	-
TOTAL	15.85	-

NOTE- 20**Other Income**

(Rs. in Lacs)

	Year ended 31.03.2016	Six months ended 31.03.2015
Miscellaneous Income	41.78	1.12
Other Sales	84.27	-
Lease Rentals	78.77	-
TOTAL	204.82	1.12

NOTE- 21**Cost of Materials Consumed**

(Rs. in Lacs)

	Year ended 31.03.2016		Six months ended 31.03.2015	
Opening Stock	221.28		943.54	
Add :Purchases				
Raw Material	155.93		100.78	
Packing Materials	2.04		-	
Consumables	3.14		-	
	382.39		1,044.32	
Less : Diminution in Raw Materials	(94.60)	287.79	(823.03)	221.28
Less : Closing Stock		110.53		221.28
Material Consumed		177.26		-

NOTE- 22**Changes in Inventory**

(Rs. in Lacs)

	Year ended 31.03.2016	Six months ended 31.03.2015
Closing Stock of :		
Work-in-Progress	376.96	239.40
Finished Goods	17.43	24.64
Total (A)	394.39	264.03
Opening Stock of :		
Work-in-Progress	239.40	1,961.36
Finished Goods	24.63	63.93
	264.03	2,025.29
Less : Diminution in WIP	(32.33)	(1,761.26)
Total (B)	231.70	264.03
Increase/(Decrease) in Stock (A-B)	162.69	0.00

NOTE- 23**Employee Benefit expense****(Rs. in Lacs)**

	Year Ended 31.03.2016	Six Months Ended 31.03.2015
Salary, Wages, Allowances & other Benefits	465.78	159.58
Gratuity	50.34	4.70
P. F. Contribution	23.53	9.24
Staff Welfare Expenses	26.87	12.16
TOTAL	566.52	185.68

NOTE- 24**Financial Cost****(Rs. in Lacs)**

	Year Ended 31.03.2016	Six Months Ended 31.03.2015
Bank Charges	0.71	0.86
Other Interest	73.17	401.99
TOTAL	73.88	402.85

NOTE- 25**Other Manufacturing Expenses****(Rs. in Lacs)**

	Year Ended 31.03.2016	Six Months Ended 31.03.2015
Power and Fuel	286.93	28.31
Lab Expenditure	22.45	3.11
Repairs & Maintenance	138.37	59.28
Effluent Treatment Plant Maintenance	1.38	0.06
TOTAL	449.13	90.76

NOTE- 26**Other Expenses****(Rs. in Lacs)**

	Year Ended 31.03.2016		Six Months Ended 31.03.2015	
Rent		16.79		8.04
Rates & Taxes		94.06		18.06
Insurance		3.55		0.49
Printing & Stationary		8.58		2.49
Communication Expenses		15.70		4.37
Consultancy & Legal Exp.		36.77		7.77
General Expenses		15.31		117.05
Security Service Charges		40.56		23.87
Directors Sitting fees		2.40		0.40
Directors Remuneration		40.53		14.60
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
Travelling & Conveyance		30.15		6.94
Directors Travelling		6.26		2.28
Office Maintenance		8.55		4.70
Carraige Outward		0.04		-
Sales Tax		3.58		-
Donations		1.18		0.25
Prior Period Expenses		1.23		-
TOTAL		327.74		213.81

NOTE- 27

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- 28

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. As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

NOTE- 29**Interest Free Sales Tax :**

(i) During the year the company has paid interest free sales tax Loan of Rs. Rs.34.86 lakhs for its pharma division unit at Kothapalli. The interest free sales tax loan so far stood at Rs. 416.90 lakhs (previous Year Rs. 451.76 lakhs) and is payable as follows.

Year of Payment	Amount (Rs.in lacs)
2016-17	52.18
2017-18	73.76
2018-19	46.85
2019-20	52.67
2020-21	70.68
2021-22	59.18
2022-23	18.32
2023-24	13.35
2024-25	29.91
TOTAL	416.90

(ii) During the year the company has paid interest free sales tax Loan of Rs. 59.80 lakhs for its pharma division unit at Regadichelika. The interest free sales tax loan outstanding is Rs. Nil (previous Year Rs. 59.80 lakhs).

NOTE- 30**Contingent Liabilities :**

The following contingent liabilities are not provided for.

(i) Excise Duty & Service Tax: There are various demands raised by the Excise authorities amounting to Rs.125.30 lakhs (Previous Year Rs.115.28 lakhs) for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs 20.00 lacs (Previous Year Rs 20.00 lacs) based on interim directions.

(ii) Income Tax: There are various demands raised by the Income Tax authorities amounting to Rs.315.53 lakhs for which the company preferred appeals with Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh

NOTE- 31

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 / N V R Co-Operative Sugar Factory.

NOTE- 32**Managerial Remuneration :**

Particulars	For 12 months Period 31st March, 2016	For 6 months Period 31st March 2015
Managing Director		
Avinash Ravi (w.e.f 13.08.2015)		
---- Remuneration	26.65	-
---- Perquisites	0.57	-
---- LTA	2.22	-
---- Holiday Passage	2.22	-
Dr.R.T.Ravi (up to 12.08.2015)	-	-
---- Remuneration	2.19	6.00
---- Perquisites	1.65	2.25
Director & COO		
Avinash Ravi (up to 12.08.2015)		
---- Remuneration	4.09	5.60
---- Perquisites	0.95	0.36
---- LTA	-	0.40
Total	40.54	14.61

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

Promoters / Promoters Group	: Dr.R.T.Ravi - Chairman. Mr. Avinash Ravi - Managing Director Mrs. Hemalata Ravi w/o Dr.R.T.Ravi M/s Ipca Laboratories Ltd
Directors	: Dr.R.T.Ravi - Chairman. Mr. Avinash Ravi - Managing Director Mr. E.J.Babu - Director Mr. Manish Jain - Director
Key Management Personnel	: Mr. C.V.R.S.N.Kumar - CFO Ms.Haritha Varanasi - Company Secretary

b) Aggregated Related party disclosures for the financial year 2015-16**i) Particulars of transactions during the year****(Rs. in Lacs)**

Nature of Transaction	For 12 months Period 31st March, 2016	For 6 months Period 31st March 2015
Remuneration to Promoters/Promoters Group	32.93	11.60
Rent paid to Promoters/Promoters Group	1.65	2.25
Perquisites paid to Promoters/Promoters Group	5.96	0.76
Sitting Fees paid to Directors	0.40	-
Remuneration to Key Managerial Persons	8.00	-
TOTAL	48.94	14.61

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

Nature of Transaction	As at 31.03.2016	As at 31.03.2015
a) Amounts due to related parties		
Ipca Laboratories - Lease Deposit	4,500.00	3944.00
Ipca Laboratories - ICD	1,140.00	-
Ipca Laboratoreis Ltd - Creditor	166.09	-
Interest Payable on ICD to IPCA	58.43	-
Avinash Ravi - Loan	100.00	-
Interest Payable on Loan to Avinash Ravi	2.86	-
Remuneration Payable to Directors	39.04	33.36
Rent Payable to Hemalatha Ravi	18.02	16.54
Advances received from Key Managerial Persons	105.42	110.92
Advances received from Hemalatha Ravi	21.43	21.43
TOTAL	6,151.29	4,126.25

NOTE- 34

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

NOTE- 35

Calculation of earnings per share :

Particulars	12 months ended 31st March, 2016	6 months ended 31st March, 2015
Profit attributable to Share Holders	(1,632.04)	(784.01)
No. of Equity Shares Outstanding	13,064,286	9,514,286
Weighted No. of Equity Shares	12,329,628	9,514,286
Nominal Value of Equity Share	10.00	10.00
Basic EPS	(13.24)	(8.24)
Diluted EPS	(12.54)	(8.24)

NOTE- 36

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

NOTE- 37

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

NOTE- 38

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

NOTE- 39

Figures have been rounded off to nearest rupee. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Also previous year figures are not comparable since they represent 6 months where as current period represent 12 months.

per our report of even date

For PAVULURI & CO

Chartered Accountants

Firm's Reg No : 012194S

CA N.Rajesh

Partner

M.NO.223169

Place : Hyderabad

Date : 28.05.2016

for and on behalf of the Board of Directors

Sd/-

DR. R.T. RAVI

Chairman

DIN: 00272977

Sd/-

HARITHA VARANASI

Company Secretary

Sd/-

AVINASH RAVI

Managing Director

DIN: 01616152

Sd/-

C.V.R.S.N.KUMAR

C F O



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

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

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

Name of the member(s) :	
Registered Address :	
E-mail Id :	
Folio No./Client Id :	
DP ID :	

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

1. Name :

Address :

E-mail Id :

Signature:, or failing him

2. Name :

Address :

E-mail Id :

Signature:, or failing him

3. Name :

Address :

E-mail Id :

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Thursday, 29th day of September, 2016at 03:30 PM at S R Gardens, Kothapalli (V), Kasimkota(M), Anakapalli, Vishakapatnam(D), Andhra Pradesh - 531031 and at any adjournment thereof in respect of such resolutions as are indicated below:



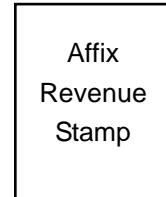
Resolution No.

1. Approval of financial statements for the year ended 31.03.2016.
2. To re-appoint Dr R T Ravi as Director, who retires by rotation and being eligible offers himself or re-appointment.
3. Re-appointment of statutory auditors and fixation of their remuneration.
4. Appointment of Mr. Manish Jain as Non-Executive Director.
5. Appointment of Mr. E J Babu as Non-Executive Director.
6. Appointment of Mr. Raj Kamal Prasad Verma as Independent Director

Signed this day of..... 2016

Signature of shareholder

Signature of Proxy holder(s)



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

KREBS BIOCHEMICALS & INDUSTRIES LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 24th Annual General Meeting of the members of the company to be held on Thursday, 29th of September, 2016 at 03:30 PM at S R Gardens, Kothapalli (V), Kasimkota(M), Anakapalli, Vishakapatnam(D), Andhra Pradesh – 531031 and at any adjourned meeting thereof.

Shareholders/Proxy's Signature_____

Shareholders/Proxy's full name_____

(In block letters)

Folio No./ Client ID_____

No. of shares held _____

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

**BOOK-POST
UNDER CERTIFICATE POSTING**

If undelivered return to :

Krebs Biochemicals & Industries Limited

Plot No. 34, 8-2-577/B, Maas Heights,

Road No. 8, Banjara Hills,

Hyderabad-500 034.