

Krebs Biochemicals & Industries Limited

CIN : L24110AP1991PLC103912



1st September, 2020

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: Notice of 28th Annual General Meeting

We refer to the above captioned subject, we herewith submit to the Exchange Notice of the 28th Annual General Meeting (AGM) to be conducted via Video Conferencing (VC)/Other Audio Visual Means (OAVM) in compliance with General circular(s) issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The AGM is scheduled to be held on Saturday, 26th September 2020 and the same is made available on the company's website www.krebsbiochem.com.

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

Thanking you

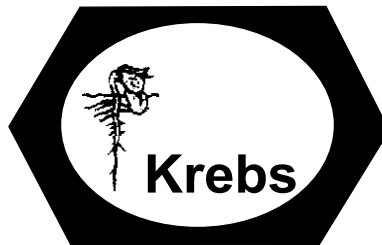
Yours faithfully,
For Krebs Biochemicals & Industries Limited



Taruni Bandaru
Company Secretary

Encl as above.

KREBS BIOCHEMICALS & INDUSTRIES LIMITED



**28th Annual Report
2019 - 20**





Management

BOARD OF DIRECTORS :

Dr. R T Ravi

Chairman & Non-Executive Director (DIN- 00272977)

Mr. Avinash Ravi

Managing Director (DIN-01616152)

Mr. Manish Jain

Non-Executive Director (DIN- 01856146)

Mr. E.J Babu

Non-Executive Director (DIN- 06759124)

Mr. G.V.L Prasad

Independent Director (DIN- 00017081)

Mr. Raj Kamal Prasad Verma

Independent Director (DIN- 02166789)

Dr. Tangirala Malati

Independent Director (DIN- 07094957)

Mr. Satish Khivsara

Independent Director (DIN- 07244464)

Company Secretary & Compliance Officer

Ms. Taruni Banda (ACS 46673)

Chief Financial Officer

Mr. Ravi Babu

Statutory Auditors

M/s. Bhavani & Co.,
Chartered Accountants
Firm Registration No.012139S

Secretarial Auditors

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

Registered Office

Krebs Biochemicals & Industries Ltd.,

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

CIN:L24110AP1991PLC103912

Corporate Office

Krebs Biochemicals & Industries Limited,

Plot No.34, 8-2-577/B, 3rd Floor, Maas Heights,
Road No.8, Banjara Hills, Hyderabad,

Telangana- 500034

Tel: 040 - 9121144985

Email: marketing@krebbsbiochem.com

investors@krebbsbiochem.com

Website: www.krebbsbiochem.com

Plant Locations

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

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

Registrars and Share Transfer Agents

KarvyFintech Private Limited,
Plot No. 31 & 32, Karvy Selenium Tower B,
Financial District, NanakramGuda,
Gachibowli, Hyderabad- 500032.

Ph: 040-67161605

Fax: 040 – 67161500

Website: www.karvyFintech.com

Email: einward.ris@karvy.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. KREBS BIOCHEMICALS & INDUSTRIES LIMITED WILL BE HELD ON SATURDAY, 26TH SEPTEMBER, 2020 AT 02.00 PM THROUGH VIDEO CONFERENCE/ OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31 2020, the Statement of Profit & Loss and Cash Flow Statement for the year ended March 31 2020 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 Mr. Manish Jain (holding DIN- 01856146), who retires by rotation and being eligible, offers himself for re-appointment.

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

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

Place: Hyderabad

Date: 07.08.2020

Registered Office : Krebs Biochemicals & Industries Limited,
Kothapalli(Village), Kasimkota(Mandal),
Anakapalli, Vishakapatnam(District),
Andhra Pradesh - 531031
Email: investors@krebsbiochem.com
Website:www.krebsbiochem.com
CIN:L24110AP1991PLC10391

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM is annexed.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the

AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through Krebs Biochemicals and Industries Limited Annual Report 2019-20 remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to acskriti@gmail.com with a copy marked to investors@krebsbiochem.com.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2020 to 26th September, 2020 (Both days inclusive).
6. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrars and Transfer Agents KFin Technologies Pvt. Ltd.
7. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website www.krebsbiochem.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Pvt. Ltd. at www.kfintech.com
8. At the twenty-seventh AGM held on September 25, 2019 the Members approved appointment of Bhavani & Co., Chartered Accountants (Firm Registration No. 012139S) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the Thirty Second AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
9. Members holding shares in electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.

10. 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.
11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
14. 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. KFin Technologies Pvt. Ltd.)
15. During Fiscal 2020, the Securities and Exchange Board of India ('SEBI') and Ministry of Corporate Affairs ('MCA') has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after 1st April 2020, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all risks associated with physical shares for ease of portfolio management as well as for ease of transfer, if required.
17. 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. KFin Technologies Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
18. 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.
19. 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.
20. 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.
21. Electronic copy of the Annual Report for 2019-2020 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication as per the circular of MCA according to which there is no requirement of sending the annual report through physical mode.
22. Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2019-2020 will also be available on the Company's website www.krebsbiochem.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. For any communication, the shareholders may send requests to the Company's investor email id: investors@krebsbiochem.com.
23. 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 KFin Technologies Pvt. Ltd ("Karvy") as the Agency to provide e-voting facility.
 - v) The Board of Directors of the Company has appointed Ms. Krithika Sharma, 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., 18th September, 2020.
 - 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, 18th September, 2020 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, 18th September, 2020 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 23rd September, 2020

End of remote e-voting : On 05.00 PM (IST) on 25th September, 2020

The remote e-voting shall not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.

- x) The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.krebsbiochem.com and on the website of Kfintech <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, 26th September, 2020.

- xii) Instructions and other information relating to e-voting

A) INSTRUCTIONS FOR ATTENDING THE AGM:

- i) Members will be able to attend the AGM, electronically, through VC / OAVM at <https://emeetings.kfintech.com> by using their remote e-

voting login credentials and selecting the 'Event' for the Company's AGM.

- ii) Members who do not have User ID and Password for e-voting or have forgotten User ID and Password may retrieve the same by following the instructions for remote e-voting mentioned in the Notice.
- iii) For better experience, Members are requested to join the meeting through laptop using Google Chrome (preferred browser) or other browsers such as Firefox, Internet Explorer or Safari after removing firewalls.
- iv) Members are advised to use stable Wi-Fi or LAN connection to ensure smooth participation at the AGM. Participants may experience audio / video loss due to fluctuation in their respective networks.
- v) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be closed on expiry of 15 minutes from the schedule time of the AGM.
- vi) Facility of joining the AGM through VC / OAVM shall be available for 1,000 Members on first come first served basis. However, the participation of Members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.
- vii) Those Members who register themselves as speaker will only be allowed to express views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time and to ensure the smooth conduct of the AGM.
- viii) Members, who have casted their votes by remote e-voting may also attend the AGM through VC / OAVM but shall not be entitled to cast their votes again.
- ix) Members who need technical assistance before or during the AGM, can contact Shri I. L. Murthy, Sr. Manager at KFin at e-mail id: lakshmana.murthy@kfintech.com, contact no.: 9177401088 or can also call KFin's toll free no.: 1800-345-4001.

B) INSTRUCTIONS FOR REMOTE E-VOTING:

- i) Launch internet browser by typing <https://evoting.karvy.com>.
- ii) Enter the login credentials (i.e. User ID & Password) mentioned in your e-mail. Your User ID will be as under:
- For Members holding shares in demat form with NSDL: 8 Character DP ID followed by 8 Digits Client ID

- For Members holding shares in demat form with CDSL: 16 digits beneficiary ID
 - For Members holding shares in Physical Form: Event Number followed by Folio No. registered with the Company.
- iii) Under Captcha, please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.
 - iv) After entering these details appropriately, click "LOGIN".
 - v) You will now reach Password Change Menu, wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum eight characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @ etc.). The system will prompt you to change your Password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter the secret question and answer of your choice to retrieve your Password in case you forget it. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
 - vi) You need to login again with the new credentials.
 - vii) If you are already registered with KFin for e-voting, you can use your existing User ID and Password for casting your vote.
 - viii) On successful login, system will prompt you to select the 'EVENT' i.e. 'KREBS BIOCHEMICALS AND INDUSTRIES LIMITED'.
 - ix) On the voting page, you will see resolution description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares as on the Cut-off date i.e. September 18, 2020 (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR / AGAINST' taken together should not exceed your total

shareholding. If Member does not indicate either 'FOR' or 'AGAINST', it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.

- x) Cast your vote by selecting an appropriate option and click 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else click 'CANCEL' to change your vote.
- xi) Once you 'CONFIRM' your vote on the resolutions, you will not be allowed to modify your vote.
- xii) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- xiii) In case of any queries on e-voting, you may refer Frequently Asked Questions (FAQs) on e-voting and User Manual for Shareholders available at the download section of <https://evoting.karvy.com> or contact Shri I. L. Murthy, Sr. Manager at KFin at e-mail id: lakshmana.murthy@kfintech.com, contact no.: 9177401088 or can also call KFin's toll free no.: 1800-345-4001.

C) INSTRUCTIONS FOR E-VOTING DURING THE AGM:

- i) The e-voting window shall be activated during the AGM. Members shall vote as per the credentials displayed in the e-voting window.
- ii) Members to click on the 'Instapoll' icon and follow the instructions to vote on the resolutions.
- iii) Only those Members, who are present in the AGM through VC / OAVM and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.

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

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

**Place: Hyderabad
Date: 07.08.2020**

Disclosure pursuant to Regulations 26(4) and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with respect to Directors seeking re-appointment/appointment at the Meeting is given below:

| | |
|--|--|
| Name of the Director | Mr.Manish Jain |
| Date of Birth | 18-10-1974 |
| Date of appointment/re-appointment | 26-09- 2017 |
| Expertise in specific functional areas | 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. |
| Qualifications | Chartered Accountant, Executive MBA in General Management |
| Names of the Listed entities in which the person is holding Directorships or Board Committee Memberships | Nil |
| Inter se relationship among Directors | He is not related to any of the Directors of the Company. |
| Number of Board Meetings attended during the year out of _ meetings. | Seven (7) |
| Sitting Fee paid during the financial year for Board Meeting | Rs.60000/- |

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

Place : Hyderabad
Date : 07.08.2020

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 2020.

1. Financial Summary

(Rs. in lacs)

| Particulars | 2019-20 | 2018-19 |
|--|------------------|------------------|
| Net Sales | 2358.38 | 3713.27 |
| Other Income | 1,019.35 | 1095.59 |
| Total Income | 3377.73 | 4808.86 |
| Expenditure | 5204.25 | 5757.07 |
| P(L)BDIT | (1826.52) | (948.21) |
| Loss on sale of Assets | Nil | Nil |
| PBDIT(After Extra Ordinary Items) | (1826.52) | (948.21) |
| Finance Charges | 592.78 | 623.80 |
| Depreciation | 467.90 | 440.23 |
| Profit/(Loss) Before Tax | (2887.20) | (2012.24) |
| Exceptional Items | Nil | 11.09 |
| Deferred Tax Asset | Nil | Nil |
| Taxes of earlier years | Nil | Nil |
| Net profit/(Loss) after Tax | (2887.20) | (2001.15) |
| Other Comprehensive Income | (127.08) | (132.07) |
| Total comprehensive income for the period (comprising Profit/(loss) and other comprehensive income for the year) | (3,014.28) | (2133.22) |
| Add: balance brought Forward | (12292.01) | (10158.60) |
| Less: Depreciation | Nil | Nil |
| Add: Transferred from Profit & Loss Account | (3013.67) | (2133.22) |
| Balance Carried to Balance Sheet | (15305.68) | (12291.82) |

3. Financial Performance

During the year under review, the Company has posted net sales of Rs. 2358.38 lakhs and Rs. 1019.35 lakhs as other income. For the FY 2019-20 the company has incurred a loss of Rs.(3,014.28) lakhs as against loss of Rs. (2133.22) lakhs of the previous year ended 31st March 2019. Detailed Performance of the Company is given in the Management Discussion and analysis forming part of the Corporate Governance report.

4. Change in nature of business

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

5. Dividend

On account of losses during the year, no dividend is proposed to be declared for the financial year 2019-20.

6. Operations

During the FY 2019-20, A total of four products are being produced in our plant which include Phenylephrine HCl, Simvastatin, Serratiopeptidase and RSS. Backward integration for one of the current products and new product development is on going. Significant investment has been made into upgrading the effluent and waste management system and also safety systems to comply

with the latest regulations. All statutory licensing and legal requirements are being continuously complied by your company.

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

a. Covid-19

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs thereby stalling of all economic activity. The Company immediately focused and ensured the health and well-being of all employees, and on minimizing disruption of production by the Company. As of March 31, 2020, work from home was enabled to employees who could accommodate the same and to work remotely and securely. Although there are uncertainties due to the pandemic the Company has engaged in the best practises to continue the manufacturing operations.

b. Andhra Pradesh Pollution Control Board

The Andhra Pradesh Pollution Control Board has on 9th May, 2019 issued an Stop-Production order for the plant of the company located at Kasimkota Mandal, Anakapalli, Vishakapatnam for non-compliance with Board Directions and Consent Order Directions.

However, on 1st August, 2019 the Pollution Control Board has issued temporary revocation of the stop production order.

Subsequently on 20th September, 2019 the Pollution Control Board has issued a Stop-production order due to non-compliance of the orders issued by the Board on 1st August, 2019.

On 4th November, 2019 the Pollution Control Board has issued a temporary revocation of the stop production order for a period of 3 months. Subsequently on 11th March, 2020 the Pollution Control Board has issued permanent revocation of the stop production order with certain directions.

Your company is continuously ensuring that it is complying with all the necessary directions issued by Andhra Pradesh Pollution control board.

c. **Warrants Conversion**

The Company has obtained the in-principle approval from NSE and BSE for the issue and allotment of 35,60,000 Convertible Warrants to IPCA Laboratories Limited and has accordingly allotted Convertible warrants to IPCA LABORATORIES LIMITED on February 5th, 2020. The Company has on 20th May, 2020 converted Warrants to an extent of 16,20,000 and allotted Equity Shares to an extent of 16,20,000 for a price of Rs.10/- each and at a premium of Rs.76/- amounting to Rs.139,320,000/- the same has been listed on NSE and BSE after obtaining the listing and trading approvals.

d. **Settlement of Cases**

Some of the Vendors have filed winding up cases against the company for the outstanding dues in the various legal forum. The Company has paid all the debts due to the Vendors by entering into a Memorandum of Understanding with them.

8. **Share Capital**

a. **Preferential Issue :**

At the Meeting held on 23rd October, 2019, the Board of Directors has approved the proposal of raising of funds by way of offer and issue of equity shares through preferential issue of 17,05,000 Equity shares (2,00,000 Equity shares to Mrs. Hemalata Ravi and 15,05,000 Equity shares to IPCA Laboratories Limited, part of the promoter group of the company) of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs. 15,66,30,000 on preferential basis and 36,35,000 Convertible warrants of Rs.86/- each to IPCA Laboratories Limited. Pursuant to the same approval of members was obtained at the Extra Ordinary General Meeting held on 22nd November 2019.

The Company has obtained the in-principle approval for the proposed issue as mentioned above from National stock Exchange of India Limited. However, BSE Limited has not accorded its' in-principle approval for the same raising objection that 1000 shares held by Mrs. Hemalatha Ravi were not in demat form even though it was clarified that the subject 1000 shares are under pending legal case.

It was decided by the Board of Directors to revise the proposed Preferential issue and obtain the approval of members.

The Board of Directors of the Company has at the Meeting held on 2nd January, 2020 approved the proposal of raising funds by way of offer and issue of equity shares through preferential issue of 13,70,000 equity shares of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs.11,78,20,000/- on preferential basis only to IPCA Laboratories Limited and also 35,60,000 of Convertible warrants at a conversion price of Rs.86/- per share to IPCA Laboratories Limited. Pursuant to the same, approval of members was obtained at the Extra Ordinary General Meeting held on 1st February 2020.

The Company has obtained the in-principle approval and also listing and trading approvals from NSE and BSE for the issue and allotment of 13,70,000 Equity Shares and 35,60,000 Convertible Warrants to IPCA Laboratories Limited and has allotted Equity shares and convertible warrants respective to IPCA Laboratories Limited.

b. **Issue of Preference Shares**

During the year under review, the company has issued and allotted 30,00,000, 9%, Redeemable Non-Convertible Non-cumulative Preference Shares (RNNCPS) (of Rs. 30,00,00,000/- (Rupees Thirty Crores Only) on a private placement basis to Ipca Laboratories Limited, a promoter group company. As on 31st March 2019, the paid up preference share capital of the Company is Rs. 30,00,00,000/- comprising of 30,00,000 preference shares of Rs. 100/- each.

9. **Investor Education and Protection Fund**

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

10. **Statutory Auditors**

At the twenty-seventh AGM held on September 25, 2019 the Members approved appointment of Bhavani & Co, Chartered Accountants (Firm Registration No. 012139S) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the Thirty Second AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.

11. **Internal Auditors:**

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

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

12. Directors and Key Managerial Personnel

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

Re-appointments

During the year under review, Dr. R T Ravi has retired by rotation and being eligible for re-appointment, at the 27th Annual General Meeting held on 25th September 2019 he had been re-appointed as Director.

Key Managerial Personnel

During the year under review, Mr. Phani Srinath Sondur has resigned and ceased to be Chief Financial Officer of the Company and the Board of Directors at their meeting held on 2nd November, 2019 had approved his resignation.

The Board of Directors at its meeting held on 30th April, 2020 appointed Mr. Ravi Babu as Chief Financial Officer of the Company.

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

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

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

| | |
|------------------|---------------------------|
| Mr. Avinash Ravi | - Managing Director, |
| Mr. Ravi Babu | - Chief Financial Officer |
| Ms. Taruni Banda | - Company Secretary |

13.1 Retire by Rotation

Mr. Manish Jain retires by rotation as Director and he offers himself for re-appointment at the ensuing 28th Annual General Meeting to be held on 26th September, 2020

13.2 Declaration of Independence

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

All the Independent Directors have registered themselves under independent director data bank.

14. Board Meetings

During the financial year 2019-20, Seven (7) meetings of the Board were held. Details of the meetings of the board are provided in the corporate governance report which forms part of this report.

15. Corporate Social Responsibility

Your Company regards the wider community in which it operates to be an important stakeholder and actively contributes towards its welfare. According to the provisions of Section 135 of the Companies Act, 2013 the company doesn't fall under the categories of the companies to which the Corporate Social Responsibility is applicable. However, your company feels that making a positive contribution to

the local community is the right thing to do and to this end, during the year, has contributed towards welfare of the poor, old aged and differently abled persons.

16. Quality Initiatives

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

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

Company is committed to meet the regulatory standards set by USFDA, WHO-GMP & EDQM and our Unit-II Vizag site has been Accredited certified by EDQ. Many customers have audited Unit-I Nellore plant and have approved as qualified Vendor. Company is totally focusing to be as an integrated company emerging in the Pharma market by improving and implementing best-in class methodologies to meet the World class customer requirements for their satisfaction with zero complaints and by implementing the ALCOA Practices in the plants.

17. 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.

18. 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 could not be done for the Financial year 2019-20 due to Covid-19.

19. Familiarisation program for Independent Directors

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

20. 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.

21. Secretarial Standards

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

22. Audit Committee

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

- a) Mr. G V L Prasad - Chairman
- b) Mr. SatishKhivsara - Member
- c) Mrs. MalatiTangirala - Member

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

23. Nomination and Remuneration Committee

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

- a) Mr. SatishKhivsara - Chairman
- b) Mr. G V L Prasad - Member
- c) Mrs. MalatiTangirala - Member
- d) Dr R T Ravi - Member

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

24. Stakeholders Relationship Committee

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

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

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

25. Loans and Investments

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

26. Particulars of Employees.

Pursuant to the provisions of Section 197 of the Companies Act 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of the Company is drawing salary of more than Rs. 1.02 crores (Rupees One Crore Two Lakhs) per financial year or Rs. 8.5 lakhs (Eight Lakh Fifty Thousand) per month, as the case may be for the year ended 31st March 2020.

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

27. Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment

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

Qualifications in Secretarial Audit Report :

| S. No | Observations in Secretarial Audit Report | Board's explanation/ comments |
|-------|--|---|
| 1 | Delay in payment of annual listing fees to the Stock Exchanges and Depositories | There was an inadvertent delay in payment of annual listing fees. However, the annual listing fees are paid along with the applicable penal interest. |
| 2 | Non maintenance of 100% promoter shareholding in dematerialized form | 1000 shares of Mrs. Hemalata Ravi and 19400 shares of Dr R T Ravi are under legal dispute in the court of law and hence the same could not be dematerialized and the circular given by SEBI vide No SEBI/Cir/ISD/1/2012 dated March 30, 2012 gives exemption from 100% promoter(s) holding in demat form. Thus the company stands exempted. |
| 3 | Delay in filing of few Forms with Ministry of Corporate Affairs (MCA) | There was an inadvertent delay in filing of Forms with the Ministry but the same has been filed before the date of this report along with Additional fees. |
| 4. | Winding up cases against the Company. | The Company has paid all the debts due to the Vendors by entering into a Memorandum of Understanding with them. Accordingly there are no debts due by the Company to them and the winding up cases shall have to be appropriately withdrawn by the Vendors. |
| 5. | Pursuant to Regulation 13(3), Statement giving the number of investor complaints for quarter ending 30th June 2019 was filed on 30.07.2019. | There was an inadvertent delay in filing the same to stock exchange |
| 6. | Pursuant to Regulation 25(3), The company has convened Meeting of Independent directors but the same could not be held due to the COVID-19 pandemic. | The Ministry of corporate affairs has vide General Circular No. 11 /2020 dated 24th March, 2020 given relaxation and declared misconduct of independent directors meeting as a no violation. |

28. 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.

29. 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.

30. 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.

31. 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.

32. Disclosures relating to Subsidiaries, Associates and Joint Ventures

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

33. 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.

34. Prevention of Insider Trading

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

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

35. Vigil Mechanism/Whistle Blower Policy

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

36. 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.

37. Safety, Environment and Health

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

38. Significant or material orders passed against the company.

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

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

A Case against the Company has been registered by RR innovative Pvt Ltd in the National company law Tribunal, Amaravathi Bench invoking the Insolvency proceedings, accordingly an order has been received against the Company from the tribunal on 22nd May, 2020 admitting the application of RR innovative Pvt Ltd and appointing an Insolvency Resolution Professional (IRP) Mr.Rajesh Chhparia, Vizag. RR Innovative Private Limited have agreed to mutually settle the claimed debt due as per the order and accordingly a withdrawal petition has been filed by the IRP based on a settlement acknowledgment given by RR innovative Private Limited vide which the National Company Law Tribunal has passed an order on 11th June, 2020 suspending it earlier order dated 22nd May, 2020.

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

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

There are no complaints registered during the year under review.

41. 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 : 07.08.2020**

Annexure-I

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

As required under the provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of the Company is drawing salary of more than Rs. 1.02 crores (Rupees One Crore Two Lakhs) per financial year or Rs. 8.5 lakhs (Eight Lakh Fifty Thousand) per month, as the case may be for the year ended March 31, 2020.

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

| S. No. | Name of the Director/ Key Managerial Personnel | Remuneration of Director/KMP for the FY 2019-20 (Amount in Rs.) | % increase/ (Decrease) in remuneration in the FY 2019-20 | Ratio of remuneration of each director/ KMP to median remuneration of employees | Comparison of remuneration of the KMP against the performance of the company |
|--------|--|---|--|---|--|
| 1. | Avinash Ravi | 42,01,800 | 0.5% | 7.08 | The company is in continuing losses for the past financial years and during the year the company posted a net loss of Rs. 2887.2 lakhs |
| 2. | Haritha Varanasi (Company Secretary) | 2,50,267 | 13.54% | 0.42 | Please refer to the note above. |
| 3. | Taruni Banda (Company Secretary) | 4,87,718 | 13.54% | 0.82 | |
| 4. | Mr. S. Phani Srinath (CFO) # | 1,00,000 | (85.07%) | 0.17 | |

*Ms. Haritha Varanasi has ceased to be the Company Secretary and Ms. Taruni Banda has been appointed as Company Secretary w.e.f August 9th, 2019.

Mr. S Phani Srinath has ceased to be the CFO w.e.f 2nd November, 2019.

- b. The median remuneration of the employees of the company during the financial year was Rs.5,93,235/-
- c. The percentage decrease in the median remuneration of employees in the financial year: 11.43%.
- d. There were 374 Regular employees and 121 contract employees as on 31st March 2020.
- 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

Place : Hyderabad
Date : 07.08.2020

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

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

Annexure-I
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

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

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

I had conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KREBS BIOCHEMICALS AND INDUSTRIES LIMITED [CIN: L24110AP1991PLC103912] (hereinafter called the Company).

Due to COVID-19 pandemic, there was no possibility to visit the Company due to complete lockdown imposed by the Centre I have inspected all the relevant documents necessary for Secretarial Audit based upon the information provided by the Company through online mode and audit was conducted in a manner that provided me a reasonable basis for evaluating all the documents and records 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 as stated above, 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, 2020 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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable except for
 - a) *Delay in filing of*
 - i. *Form GNL-2 for Submission of private placement offer letter*
 - ii. *Form MGT-14 relating to the appointment of M/s Bhavani as Statutory Auditors and approval of Financial results for the year ending 31st, March 2019*
 - b) *Non filing of Form MSME I for furnishing half yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprises for the half year September, 2019.*

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under except:

Delay in payment of Listing Fees to BSE Limited and The National Stock Exchange of India Limited for the financial year 2019 – 2020.

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; except

Delay in payment of custodian fees to both the Depositories for the financial year 2019 – 2020

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

The company has issued 13,70,000 equity shares of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs.11,78,20,000 on preferential basis to IPCA LABORATORIES LIMITED after obtaining the necessary statutory and regulatory approvals.

The required disclosures under regulation 29(2) of SEBI (SAST) Regulations 2011 has been made to the Stock Exchanges.

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

The Company has proposed to issue 17,05,000 Equity shares (2,00,000 Equity shares to Mrs. Hemalata Ravi and 15,05,000 Equity shares to IPCA Laboratories Limited, part of the promoter group of the company) of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs. 15,66,30,000/- on preferential basis and 36,35,000 Convertible warrants of Rs.86/- each to IPCA Laboratories Limited after obtaining the approval of members in the Extra Ordinary General Meeting held on 22nd November 2019.

The Company has obtained the in-principle approval for the proposed issue as mentioned above from National stock Exchange of India Limited. However, BSE Limited has not accorded its' in-principle approval for the same since 1,000 shares held by Mrs. Hemalata Ravi were not in demat form.

However, since BSE Limited has not granted in principle approval and as there was change in the number of shares to be issued the Board of Directors have proposed to obtain the approval of members.

The Company has decided to obtain the approval of members for issue of 13,70,000 equity shares of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs.11,78,20,000 on preferential basis only to IPCA Laboratories Limited and also 35,60,000 of Convertible warrants at a conversion price of Rs.86/- per share to IPCA Laboratories Limited after obtaining the approval of members in the Extra Ordinary General Meeting held on 1st February 2020.

The Company has obtained the in-principle approval and also listing and trading approvals from NSE and BSE for the issue and allotment of 13,70,000 Equity Shares and 35,60,000 Convertible Warrants to IPCA Laboratories Limited.

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

i) Pursuant to Regulation 13(3), Statement giving the number of investor complaints for quarter ending 30th June 2019 was filed on 30.07.2019.

ii) Pursuant to Regulation 25(3), The company has convened Meeting of Independent directors but the same could not be held due to the COVID-19 pandemic.

iii) Pursuant to Regulation 31(2), Entire shareholding of the promoters is not in Dematerialized format.

(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.

However, the Company has issued 30,00,000 9% Redeemable Non-convertible Non-Cumulative Preference Shares to IPCA LABORATORIES LIMITED and the company has decided not to get these shares listed on any Stock Exchanges. 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:

- a. Pharmacy Act, 1948;
- b. Drugs and Cosmetics Act, 1940;
- c. Indian Boilers Act, 1923
- d. Factories Act, 1948
- e. Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981

The Andhra Pradesh Pollution Control Board has on 9th May, 2019 issued an Stop-Production order for the plant of the company located at Kasimkota Mandal, Anakapalli, Vishakapatnam for non-compliance with Board Directions and Consent Order Directions.

However, on 1st August, 2019 the Pollution Control Board has issued temporary revocation of the stop production order.

Subsequently on 20th September, 2019 the Pollution Control Board has issued a Stop-production order due to non-compliance of the orders issued by the Board on 1st August, 2019.

However, on 4th November, 2019 the Pollution Control Board has issued a temporary revocation of the stop production order for a period of 3 months. Subsequently on 11th March, 2020 the Pollution Control Board has issued permanent revocation of the stop production order.

We bring to the notice of the members that the Company is yet to comply with the conditions specified in the order dated 11th March, 2020 issued by the Andhra Pradesh Pollution Control Board.

- f. The Trade Union Act, 1926
- g. Industrial Disputes Act, 1947
- h. Minimum Wages Act, 1946
- i. Payment of Bonus Act, 1965

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

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

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



(ii) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [except for Regulation 34 (3) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance of which has been certified by the Statutory Auditors relating to Corporate Governance] except for the points mentioned in point 5(d) above.

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

We further report that

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

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

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

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

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

We further report that during the audit period:

- I. The company has issued 13,70,000 equity shares of Rs.10/- each at a premium of Rs 76/- per share aggregating to Rs.11,78,20,000 and also 35,60,000 Convertible warrants at a conversion price of Rs. 86/- per share on preferential basis to IPCA Laboratories Limited after obtaining the necessary statutory and regulatory approvals.
- II. The Company has issued 30,00,000 9% Redeemable Non-convertible Non-Cumulative Preference Shares to IPCA Laboratories Limited and the company has decided not to get these shares listed on any Stock Exchanges

III. The following creditors have filed Winding up Petitions under the provisions of Section 433 of the Companies Act, 1956 with the Hon'ble High Court at Vijayawada having jurisdiction over the States of Andhra Pradesh for non-payment of their dues:

- Niram Chemicals
- Bharat Jyoti Impex
- Agarwal Coal Corporation Private Limited
- Sparchem
- Aurobindo Pharma Limited
- Trident Chemphar Limited
- Om Sai Professional Detective Security

IV. RR Innovative Private Limited (one of the supplier) has filed a petition against the Company in Hon'ble Amaravathi Bench of NCLT under Section 9 of the provisions of Insolvency and Bankruptcy Code, 2016. Several hearings happened during the financial year 2019 – 20. However, no order has been passed during the said year.

**For DSMR & Associates
Company Secretaries**

Sd/-

**D S M Ram
Proprietor**

C. P. No. 4239

UDIN: A014939B000551464

**Place: Hyderabad
Date: 07.08.2020**

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 AND INDUSTRIES LIMITED
Kothapalli Village, Kasimkota Mandal,
Anakapalli - 531031

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

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

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

**For DSMR & Associates
Company Secretaries**

Sd/-

D S M Ram

Proprietor

C. P. No. 4239

UDIN: A014939B000551464

Place: Hyderabad

Date: 07.08.2020

Annexure-III

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

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

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

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

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

f) Amount paid as advances, if any : None

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

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

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

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

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

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

Place : Hyderabad

Date : 07.08.2020



ANNEXURE-IV
FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN
AS ON 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| SL No | Name & Description of main products/services | NIC code of the product/service | % to total turnover of the Company |
|-------|--|---------------------------------|------------------------------------|
| 1 | Simvastatin | 29420090 | 35.97% |
| 2. | Phenylephrine | 29420090 | 62.01% |
| 3. | Sabam (RSS) | 29420090 | 2.02% |

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

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

i. Category-wise Shareholding

| Category of shareholders | No. of shares at the beginning of the period | | | | No. of shares held at the end of the period | | | | % change during the period |
|---|--|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|----------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individuals/HUF | 4957830 | 20400 | 4978230 | 29.93% | 4957830 | 20400 | 4978230 | 27.66% | -2.27% |
| b) Central Government/State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporate | 5775195 | 0 | 5775195 | 34.72% | 7145195 | 0 | 7145195 | 39.69% | 4.97% |
| d) Financial Institutions/ Banks | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| e) Others | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| Sub-Total A(1) | 10733025 | 20400 | 10753425 | 64.65% | 12103025 | 20400 | 12123425 | 67.35% | 2.69% |
| 2) Foreign | | | | | | | | | |
| a) Indian (NRIs/Foreign Individuals) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| b) Bodies Corporate | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| c) Institutions | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| d) Qualified Foreign Investor | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| e) Others | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| Sub-Total A(2) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| Total A= A(1)+A(2) | 10733025 | 20400 | 10753425 | 64.65% | 12103025 | 20400 | 12123425 | 67.35% | 2.69% |
| (B) Public Shareholding | | | | | | | | | |
| 1) Institutions | | | | | | | | | |
| (a) Mutual Funds/UTI | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (b) Financial Institutions/ Banks | 522 | 0 | 522 | 0.00% | 522 | 0 | 522 | 0.00% | 0.00% |
| (c) Central Government/ State Government(s) | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (d) Venture Capital Funds | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (e) Insurance Companies | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (f) Foreign Institutional Investors | 0 | 1300 | 1300 | 0.00% | 0 | 1300 | 1300 | 0.00% | 0.00% |
| (g) Foreign Venture Capital investors | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (h) Qualified Foreign Investors | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| (i) Others | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| Sub-Total- B(1) | 522 | 1300 | 1822 | 0.01% | 522 | 1300 | 1822 | 0.01% | 0.00% |
| (2) Non-Institutions | | | | | | | | | |
| (a) Bodies Corporate | 1940911 | 3601 | 1944512 | 11.69% | 1887019 | 3601 | 1890620 | 10.50% | 1.19% |
| (b) Individuals | | | | | | | | | |
| (i) Individuals holding nominal share capital up to Rs. 2 lakhs | 1487176 | 142530 | 1629706 | 9.80% | 1513792 | 139230 | 1653022 | 9.18% | 0.62% |

| | | | | | | | | | |
|---|-----------------|---------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|--------------|
| (ii) Individuals holding nominal share capital in excess of Rs. 2 lakhs | 1560844 | 489800 | 2050644 | 12.33% | 1581676 | 489800 | 2071476 | 11.21% | 1.12% |
| (c) Others | | | | | | | | | |
| Non Resident Individuals | 244609 | 0 | 244609 | 1.47% | 259,505 | 0 | 259,505 | 1.44% | 0.03% |
| Clearing Members | 5504 | 0 | 5504 | 0.03% | 716 | 0 | 716 | 0.00% | 0.00% |
| NBFCs Registered with RBI | 364 | 0 | 364 | 0.00% | 0 | 0 | 0 | 0.00% | 0.00% |
| Sub-Total- B(2) | 5239408 | 635931 | 5875339 | 35.32% | | | | | |
| Total B= B(1)+B(2) | 5239930 | 637231 | 5877161 | 35.34% | 5243230 | 634,453 | 5877161 | 32.65% | 2.7% |
| Total A+B | 15972955 | 657631 | 16630586 | 100% | 17346255 | 654,331 | 18000586 | 100% | 0.00% |
| (c) Shares held by custodians, against which Depository Receipts have been issued | | | | | | | | | |
| (1) Promoter and Promoter group | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0 |
| (2) Public | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% | 0 |
| Grand Total (A+B+C) | 15972955 | 657631 | 16630586 | 100% | 17346255 | 654,331 | 18000586 | 100% | 0.00% |

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 | 23474 | 0.14% | 0.00% | 23474 | 0.14% | 0.00% | 0.00% |
| 2 | Avinash Ravi | 2140272 | 12.87% | 1.20% | 2140272 | 12.87% | 0.00% | 0.00% |
| 3 | Ipca Laboratories Limited | 5775195 | 34.72% | 0.00% | 7145195 | 39.69% | 0.00% | 4.97% |
| 4 | Hemalata Ravi | 2691524 | 16.18% | 1.20% | 2691524 | 16.18% | 0.00% | 0.00% |
| 5 | Aditya Ravi | 10672 | 0.06% | 0.00% | 10672 | 0.06% | 0.00% | 0.00% |
| 6 | Ajay Ravi | 112288 | 0.67% | 0.00% | 112288 | 0.67% | 0.00% | 0.00% |
| | Total | 10753425 | 64.66% | 2.40% | 12123425 | 67.35% | 0.00% | 4.97% |

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 | 23474 | 0.13% | NA | NA | 0 | 0.00% | 23474 | 0.13% |
| 2. | Mr. Avinash Ravi | 2140272 | 11.89% | NA | NA | 0 | 0.00% | 2140272 | 11.89% |
| 3. | Mrs. Hemalata Ravi | 2691524 | 14.95% | NA | NA | 0 | 0.00% | 2691524 | 14.95% |
| 4. | Ipca Laboratories Limited | 5775195 | 34.72% | 05.02.2020 | Allotment of shares pursuant to Preferential Issue | 1370000 | 7.61% | 7145195 | 39.69% |
| 5. | Aditya Ravi | 10672 | 0.06% | NA | NA | 0 | 0.00% | 10672 | 0.06% |
| 6. | Ajay Ravi | 112288 | 0.62% | NA | NA | 0 | 0.00% | 112788 | 0.62% |

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

| S. No. | Name of the shareholder | Shareholding in the beginning of the year | | Date | Reason | Increase/Decrease in shareholding | | Cumulative shareholding during the year | |
|--------|--|---|----------------------------------|--|--|--|---|--|--|
| | | No. of shares | % of total shares of the company | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Sun Pharmaceutical Industries Limited | 10,50,000 | 6.31% | N.A | N.A | Nil | Nil | 10,50,000 | 5.83 |
| 2. | Pinky Ventures Pvt. Ltd | 599000 | 3.60% | 25/10/2019 | Sale/Transfer | -599000 | 3.60% | 0 | 0.00 |
| 3. | Deep Investrade (Bombay) Private Limited | 0 | 0.00% | 25/10/2019 | Market Purchase | 599000 | 3.60% | 599000 | 3.33% |
| 4. | K. Satish | 443067 | 2.66% | 05/04/2019 | Market Purchase | 121218 | Nil | 443067 | 2.46% |
| 5. | ShaajiPalliyath | 200000 | 1.20% | NA | NA | Nil | Nil | 200000 | 1.11 |
| 5. | K. Swapna | 156653 | 0.94% | 05/04/2019 | Market Purchase | 46153 | | 156653 | 0.87% |
| 6. | Edelweiss Asset Reconstruction Company Limited | 150000 | 0.90% | NA | NA | Nil | Nil | 150000 | 0.76 |
| 7. | Nagendra Rao Vempati | 119600 | 0.72% | 05/04/2019 | Market Purchase | 54600 | 0.30% | 119600 | 0.66% |
| 8. | Gutta Venkateswara Rao | 109800 | 0.66% | NA | NA | Nil | Nil | 109800 | 0.66% |
| 9. | Lekhya Kantheti | 101040 | 0.61 | 01/11/2019 29/11/2019 17/01/2020 24/01/2020 21/02/2020 | Sale/Transfer Sale/Transfer Sale/Transfer Sale/Transfer | -1944 -565 -2656 -4835 -50 | 0.01% 0.01% 0.02% 0.00% 0.00% | 99096 98531 95875 91040 90990 90990 | 0.60 0.59 0.58 0.55 0.55 0.51 |
| 10. | Gandhi Kantheti | 91044 | 0.55 | NA | NA | Nil | Nil | 91,044 | 0.46 |

Note: The percentage of shareholding at the end of the year is calculated on the number of shares as on 31st March 2020 i.e. 18000586 shares.

v) Shareholding of Directors & KMP

| S. No. | Name of the shareholder | Shareholding in the beginning of the year | | Date | Reason | Increase/Decrease in shareholding | | Cumulative shareholding during the year | |
|--------|--|---|----------------------------------|------|--------|-----------------------------------|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Dr R T Ravi (Non- Executive Director & Chairman) | 23474 | 0.13% | NA | NA | 0 | 0.00% | 23474 | 0.13% |
| 2. | Avinash Ravi (Managing Director) | 2140272 | 11.89% | NA | NA | 0 | 0.00% | 2140272 | 11.89% |
| 3. | G V L Prasad (Independent Director) | 142530 | 0.86% | NA | NA | 0 | 0.00% | 142530 | 0.79% |
| 4. | MalatiTangirala (Independent Director) | 1334 | 0.01% | Nil | Nil | 0 | 0.00% | 1334 | 0.01% |
| 5. | SatishKhivsara (Independent Director) | 50 | 0.00% | Nil | Nil | 0 | 0.00% | 50 | 0.00% |
| 6. | Manish Jain (Non-Executive Director) | 100 | 0.00% | Nil | Nil | 0 | 0.00% | 100 | 0.00% |
| 7. | E J Babu (Non-Executive Director) | 50 | 0.00% | Nil | Nil | 0 | 0.00% | 50 | 0.00% |
| 8. | Raj Kamal Prasad Verma (Independent Director) | 200 | 0.00% | Nil | Nil | 0 | 0.00% | 200 | 0.00% |
| 9. | Haritha Varanasi (resigned as CS from 9th August, 2020) | 5 | 0.00% | Nil | Nil | 0 | 0.00% | 5 | 0.00% |
| 10. | Taruni Banda (CS from 9th August, 2020) | 0 | 0.00% | Nil | Nil | 0 | 0.00% | 0 | 0.00% |
| 11. | S. Phani Srinath (resigned as CFO w.e.f 2nd Novemeber, 2019) | 0 | 0.00% | Nil | Nil | 0 | 0.00% | 0 | 0.00% |

v. Indebtedness

(₹ in lacs)

| | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the Financial year | | | | |
| i) Principal Amount | 200 | 9646.07 | 0.00 | 9846.07 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (i+ii+iii) | 200 | 9646.07 | 0.00 | 9846.07 |
| Change in indebtedness during the year | | | | |
| Additions | 0.00 | 00.00 | 0.00 | 00.00 |
| Reduction | (200.00) | (1524.80) | 0.00 | (1724.80) |
| Net change | (200.00) | (1524.80) | 0.00 | (1724.80) |
| Indebtedness at the end of the year | | | | |
| i) Principal Amount | 00.00 | 8121.27 | 0.00 | 8121.87 |
| 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) | 00.00 | 8121.27 | 0.00 | 8121.27 |

vi. Remuneration of Directors and Key Managerial Personnel

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

(₹ In lacs)

| S.No. | Particulars of Remuneration | Amount |
|-------|---|--------|
| 1. | Gross Salary (Rs. In lakhs) | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 42.02 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 10.30 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0.00 |
| 2. | Stock Option | 0.00 |
| 3. | Sweat Equity | 0.00 |
| 4. | Commission as % of profit | 0.00 |
| 5. | Others (please Specify) | 0.00 |
| | Total (A) | 52.32 |
| | Ceiling As per the Limit | |

B. Remuneration to Other Directors

(₹ in lacs)

| Particulars of Remuneration | Name of the Directors | | | | | | | Total Amount |
|--|------------------------|----------------------------|-------------------------------|-------------------------------|---------------------------|------------------------|--------------------------------------|-----------------|
| | R T Ravi (00272977) | G V L Prasad (00017081) | MalatiTangirala (07094957) | Satish Khivsara (07244464) | Manish Jain (01856146) | E J Babu (06759124) | Raj Kamal Prasad Verma (02166789) | |
| Independent & Non- Executive Directors | | | | | | | | |
| a) Fee for attending Board Meetings | 0.75 | 1.05 | 1.10 | 1.35 | 0.60 | 0.30 | 0.40 | 5.55 |
| b) Commission | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Others, Please specify | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total (1) | 0.75 | 1.05 | 1.10 | 1.35 | 0.60 | 0.30 | 0.40 | 5.55 |

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

(₹ in lacs)

| S.No. | Particulars of Remuneration | Company Secretary (Ms. Taruni Banda) * | Company Secretary (Ms. Haritha Varanasi)* | Chief Financial Officer (Mr. S. Phani Srinath w.e.f 10.09.2018) | Total Amount |
|-------|--|--|---|---|--------------|
| 1. | Gross Salary | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 4.88 | 2.5 | 1.00 | 8.38 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission as % of profit | Nil | Nil | Nil | Nil |
| 5 | Others (please Specify) | Nil | Nil | Nil | Nil |
| | Total (A) | 4.88 | 2.5 | 1.00 | 8.38 |
| | Ceiling As per the Limit | | | | |

*Ms.Haritha Varanasi has ceased to be the Company Secretary and Ms.Taruni Banda has been appointed as Company Secretary w.e.f August 9th, 2019.

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 | | |

The Annual Return for FY 2018-2019 is available on the website of the Company www.krebsbiochem.com.

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 | <ul style="list-style-type: none"> ★ The replacement work of Old street lights MV/SV lamps with LED lamps being continued. ★ By making insulation for all cooling & steam lines being continued & saved energy. ★ By providing RTD sensor for cooling towers, Fan Auto ON/OFF system arranged and power consumption of the fan motor saved up to 30% ★ Installation VFD's for the centrifuge and other Motors being continued to improve the efficiency and decrease the power consumption. ★ By service all chilling units, improved performance. | <ul style="list-style-type: none"> ★ MEES CT water circulation pump provided with 20 HP instead of 40 HP. ★ 11TR MethanolBrine tank replaced, avoid brine water leakage and capacity enhanced to supply the sufficient quantity of chilled brine water to production block. ★ 40TR CaCl₂ Brine tank capacity enhances to supply the brine to all production blocks without interruption. ★ Provided 120 HP Air Compressor instead of 335 HP Air Compressor for Lova Fermentation batch. ★ All Reactors Vessel Lamps replaced from 20Watts CFL Lamps to 9 Watts LED Lamps ★ All Blockslighting 160Watts lamps replaced with 20Watts LED Lamps. ★ 10HP Motor with pump arranged instead of 40 HP at MF & UF Effluent water pumping. ★ Interlocking system provided to all AHU's to DX units. ★ 15 KVA UPS – 2 Nos. Provided to QC lab & PD lab instead of 30 KVA UPS. ★ Steam condensate recovery system provided to all production blocks. ★ Insulation provided to all steam lines and chilled water lines where ever damaged to avoid losses. ★ All condensers de-scaling done to increase the efficiency. ★ All cooling towers spray nozzles and fins cleaned. ★ All air compressors serviced to increase the efficiency. |
| Energy Initiatives Planned | <ul style="list-style-type: none"> ★ Auto power factor control panel installation to maintain correct power factor. ★ Installation of temperature controllers, pressure transmitter, and digital panel meters to monitor and control the parameters to increase the efficiency of systems. ★ Installation VFD's for the Motors to improve the efficiency and decrease the power consumption will be continued. ★ Planning to install rain water harvesting to collect to save the water in Rainey season. ★ Planning to install energy meters area wise and observe day to day power consumption and inform area wise users to save the energy ★ Old Chilling units will be replaced with new energy saving type of chillers to decrease the power consumption. ★ Cooling towers spray nozzles and fins to be replaced with new to improve the performance. ★ To improve the performance of Vacuum pumps, dedicated cooling tower will be installed. | <ul style="list-style-type: none"> a. 58M3/Min Air compressor motor 335HP VFD arranged. To be commissioned & trial to be taken. a. VFD to be planed for 120HP Chilled water secondary pump. b. Temperature controllers to be planned for all cooling tower fans. c. To Air receivers 04 No's Auto Water drain systems to be provided. d. DM Water Plant existing SBA feed pump 10 HP to be replaced with 5HP Motor. To full fill the requirement of flow rate is 5 M3/Hour. e. In Blocks all Exhaust fans remote control push buttons to be planed. f. Auto power factor controller to be planned to control power factor to reduce the power losses. g. Proposed to provide VFD's for 6TPH Boiler ID & FD fans to save the electrical energy. h. Proposed to provide VFD's to cooling tower pumps and to install Differential Pressure Transmitters at IN & OUT lines of the cooling towers to control the RPM based on the usage. i. Energy efficient motors (IE 03) will be procured here after for continuous running motors. j. Proposed to install level switches at raw water sumps & Condensate water tanks to control the overflow. k. 3.125 MW Power Plant is under renovation l. By using power plant steam generation, VAM will be coming in operation. So, 210TR chillers-2 Nos, 150TR chiller – 1 No and 200TR rental chiller can be avoided |

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

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

- iii) The capital investment on energy conservation equipment.

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

B. Technology Absorption

Research & Development

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

C. (Rs. in lacs)

| Foreign Exchange Earnings and Outgo | Amount |
|-------------------------------------|-----------|
| Used | 75,24,954 |
| Earned | 0 |

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 : 07.08.2020

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 and enhancing the shareholder value corporate governance is a pre-requisite. The governance practices followed by your company have played a vital role in its journey of continued success. Our endeavor over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, and profitable growth and creating long term value for the stakeholders. Accordingly, we always seek to ensure that our performance is driven by integrity, values and ethics.

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

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

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

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

II. Board Diversity

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

III. Board of Directors

- i. Your Company's selection and appointment of directors is based on various criteria laid down in policy on Board diversity. The criteria interalia include aspects like professional qualifications, proven track record in one or more skills such as managerial, finance, accounting, technical operations. There were no changes in the composition of Board during the year.
- ii. As on 31st March 2020, the Company has eight directors. Of the eight directors seven (i.e 87.5%) are non-executive directors and four (i.e 50%) are independent directors. The composition of board is in conformity with Regulation 17 of the listing regulations and Section 149 of the Act.
- iii. None of the directors on the company's Board hold directorships in more than 10 public companies. Furthermore, none of them is a member of more than ten committees or chairman of more than 5 committees across all the public companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on 31st March 2020 have been made by the Directors.
- iv. Independent Directors are non-executive directors as defined under regulation 16(1)(b) of the listing regulations read with Section 149(6) of the Act. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. 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. During the financial year under report, none of the Independent Directors have resigned from the Board of Directors of the Company.
- v. The names and categories of the Directors on the Board, their attendance, board meetings held during the year and number of directorships and committee chairmanships/memberships held by them in other public companies as on 31st March 2020 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 25th September, 2019 | Attendance in Board Meetings | | Number of directorships in other public companies | | Number of committee positions held in other public companies | |
|----------------------------|--|------------------------------|---------|---|----------|--|--------|
| | | Held | Present | Chairman | Director | Chairman | Member |
| Dr. R.T. Ravi | Yes | 7 | 7 | Nil | Nil | Nil | Nil |
| Mr. Avinash Ravi | Yes | 7 | 6 | Nil | Nil | Nil | Nil |
| Mr. G.V.L. Prasad | Yes | 7 | 5 | Nil | Nil | Nil | Nil |
| Dr. Tangirala Malati | Yes | 7 | 6 | Nil | Nil | Nil | Nil |
| Mr. Satish Khivsara | Yes | 7 | 7 | Nil | Nil | Nil | Nil |
| Mr. Manish Jain | Yes | 7 | 6 | Nil | 1 | Nil | Nil |
| Mr. E.J. Babu | Yes | 7 | 3 | Nil | 1 | Nil | Nil |
| Mr. Raj Kamal Prasad Verma | Yes | 7 | 4 | Nil | 1 | 1 | 1 |

- i. Seven (7) board meetings were held during the year and gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meeting were held: 20th May 2019; 9th August 2019; 23rd October, 2019; 2nd November, 2019; 1st February, 2020; and 5th February, 2020.

The necessary quorum was present for all the meetings.

- ii. During the year 2019-20, information as mentioned in Schedule II Part A of the Listing Regulations, has been placed before the Board.
- iii. The terms and conditions of appointment of the Independent Directors are disclosed in the website of the company.
- iv. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.
- v. The details of the familiarisation programme will be available in the website of the company.
- vi. Details of equity shares of the Company held by directors as on 31st March 2020 are given below:

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

- vii. Except Dr R T Ravi and Mr. Avinash Ravi, no other directors of the company are related to each other.

- viii. Skills/Expertise of the Board of Directors:

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

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

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

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

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

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

V. Committees of the Board

A. Audit Committee

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

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

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

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

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

iv. The previous Annual General Meeting (AGM) of the company was held on 25th September 2019 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 2019-20 | |
|-------------------------|----------------------------|---|---------|
| | | Held | Present |
| G V L Prasad (Chairman) | Independent, Non-Executive | 6 | 5 |
| Tangirala Malati | Independent, Non-Executive | 6 | 5 |
| Satish Khivsara | Independent, Non-Executive | 6 | 6 |

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

20th May 2019, 9th August 2019; 2nd November, 2019; 23rd October, 2019; 21st November, 2019 and 1st February 2020.

The necessary quorum was present for all the meetings.

B. Stakeholders' Relationship Committee

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

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

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

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

iii. One meeting of Stakeholders Relationship Committee were held during the year on 25th September 2019.

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 2019-20 | |
|-------------------------|--------------------------------|---|---------|
| | | Held | Present |
| G V L Prasad (Chairman) | Independent, Non-Executive | 1 | 1 |
| Dr R T Ravi | Independent, Non-Executive | 1 | 1 |
| Avinash Ravi | Non-Independent, Non-Executive | 1 | 1 |
| Satish Khivsara | Independent, Non-Executive | 1 | 1 |

v. Name, designation and address of compliance officer:

Ms. Taruni Banda,
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: 9121144984
Designated e-mail id for investors –
investors@krebsbiochem.com

vi. Details of investor complaints received and redressed during the year 2019-20

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

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 2019-20 | |
|---------------------------|--------------------------------|---|---------|
| | | Held | Present |
| Satish Khivsara(Chairman) | Independent, Non-Executive | 1 | 1 |
| Dr R T Ravi | Non-Independent, Non-Executive | 1 | 1 |
| G V L Prasad | Independent, Non-Executive | 1 | 1 |
| Tangirala Malati | Independent, Non-Executive | 1 | 1 |

One(1) nomination and remuneration committee meetings were held during the year on 9th August, 2019.

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

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

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

vii. During the year 2019-20, 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 2020

a) Non-Executive Directors

| Name | Sitting Fees (Rs. In lacs) |
|------------------------|----------------------------|
| Dr R T Ravi | 0.75 |
| G V L Prasad | 1.05 |
| Tangirala Malati | 1.10 |
| Satish Khivsara | 1.35 |
| Manish Jain | 0.60 |
| E J Babu | 0.30 |
| Raj Kamal Prasad Verma | 0.40 |

b) Executive Director

| Name | Remuneration (Rs. In lakhs) | |
|----------------------------------|--------------------------------|--|
| Avinash Ravi (Managing Director) | 42.02 | |

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

VI. General Body Meetings

i. General Meeting

a. Annual General Meeting

| Financial Year | Date | Time | Venue |
|---------------------------------------|------------|----------|---|
| 2016-17 (year ended 31st March, 2017) | 26.09.2017 | 11:50AM | SR Gardens, Kothapalli (V), Kasimkota, Anakapalli, Vishakapatnam, Andhra Pradesh-531031 |
| 2017-18 (Year ended 31st March, 2018) | 10.09.2018 | 11:00 AM | Sarojini Villa, Kothapalli (V), Kasimkota, Anakapalli, Vishakapatnam, Andhra Pradesh-531031 |
| 2018-19 (Year ended 31st March, 2019) | 25.09.2019 | 11:00 AM | Kothapalli (Village), Kasimkota (Mandal), Anakapalli, Vishakapatnam (District), Andhra Pradesh-531031 |

b. Special Resolutions passed:

- ★ At the 25th Annual General Meeting held on 26th September 2017 the following special resolution was passed:
 - Approval for the company to enter into related party transactions with Ipca Laboratories Limited.
- ★ At the 26th Annual General Meeting held on 10th September 2018, the following Special Resolution was passed:
 - Re-appointment of Mr. Avinash Ravi as Managing Director of the Company for a period of three (3) years.
- ★ At the 27th Annual General Meeting held on 25th September 2019, the following Special Resolution was passed:
 - Re-appointment of Mr. G V L Prasad (DIN-00017081)) as Independent Director for further period of 5 years.
 - Re-appointment of Dr. Tangirala Malati (DIN-07094957) as Independent Director for further period of 5 years.
 - Re-appointment of Mr. Satish Khivsara (DIN-07244464) as Independent Director for further period of 5 years.

ii. Postal Ballot

No postal ballot was conducted during the year.

VII. Other Disclosures:

i. Related Party Transactions:

All material transactions entered with the related parties

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

There have been not fines imposed on the company during the last three years on any matters related to Capital markets.

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

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

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

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

- vi. Reconciliation of share capital audit:
A qualified practicing company secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository

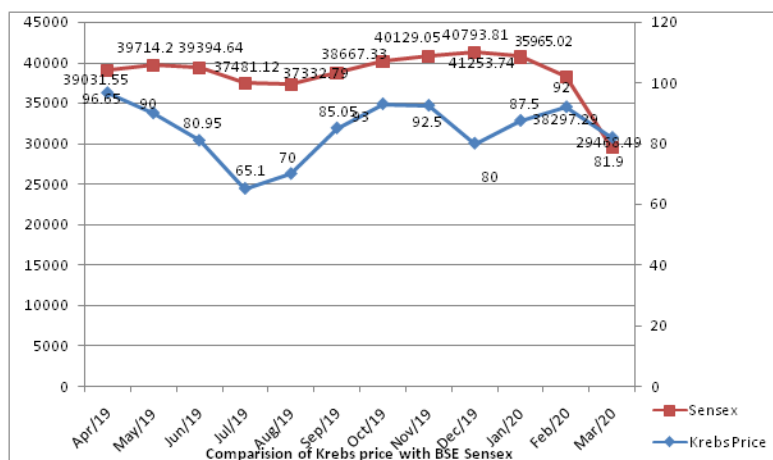
- Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital.
- vii. Preservation of documents policy
The Company has formulated Policy on Preservation of Documents as required under Regulation 9 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy provides for preservation of documents where preservation shall be of permanent nature and documents with preservation period of not less than 8 years. The policy can be accessed in the following link <http://krebsbiochem.com/documents/afb33a83fcb7ff4360986c54c84dcc47.pdf>
- viii. Policy on disclosure of material events/information
The company has formulated policy for determination of materiality of events of information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which could affect the investment decisions and to ensure timely and adequate dissemination of information to the Stock Exchanges.
The policy can be accessed in the following link <http://krebsbiochem.com/documents/9b534717af6b5110482aac3910ed6f90.pdf>
- ix. Disclosure of commodity price risks and commodity hedging activities
The Company is into manufacture of Active Pharma Ingredients. Since the Company doesn't consume large quantities of commodities in its manufacturing activities, the company is not materially exposed to commodity price risks not does the Company do any commodity hedging.
- x. Certificate from Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.
The Company has obtained a certificate in this regard from a Company Secretary in Practise which is annexed to this report.
- xi. Total fees for all services paid by the company, on a consolidated basis, to the Statutory Auditor.
The fees paid by the company to its statutory auditors are stated in the Audited Financial Statements which are part of the Annual Report.
- xii. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
No sexual harassment complaints were received during the year under review.
- xiii. Non-compliance of any requirement of Corporate Governance Report with reasons thereof.
None.
- xiv. Code of Conduct
The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year ended 31st March, 2020. 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.
- VIII. Means of Communication
The quarterly, half-yearly and annual results of the company are published in newspapers which include Financial Express and Praja Sakti. The results are also displayed on the company's website "www.krebsbiochem.com". A management discussion and analysis report is a part of the annual report.
- IX. General Shareholder Information
- i. Annual General Meeting for FY 2019-20
Date : 26th September 2020
Time : 2-00 PM
Venue : Through Video Conference
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 26th September, 2020 through Video Conference/ Other Audio Visual Means ("OAVM").
- 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 Saturday, 26th September, 2020
- iv. Listing on Stock Exchanges : BSE Limited ("BSE")
P J Towers, Dalal Street,
Fort, Mumbai- 400001.
Stock code: 524518
National Stock Exchange of India Limited ("NSE")
Exchange Plaza, Bandra Kurla Complex, Bandra (E),
Mumbai- 400051.
Stock Code: KREBSBIO
The listing fees as applicable have been paid to both the exchanges.
- v. Corporate Identity Number (CIN) of the Company : L24110AP1991PLC103912

vi. Market price data

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2019-20 in BSE & NSE

| Month | BSE | | NSE | | No. of shares traded | |
|----------------|------------|----------|------------|----------|----------------------|-------|
| | High (Rs.) | Low(Rs.) | High (Rs.) | Low(Rs.) | BSE | NSE |
| April-2019 | 117.75 | 93.50 | 119.90 | 93.50 | 7455 | 56444 |
| May 2019 | 04.95 | 90.00 | 113.00 | 86.10 | 6931 | 31381 |
| June 2019 | 90.00 | 72.10 | 97.75 | 75.00 | 2237 | 20701 |
| July 2019 | 81.45 | 65.10 | 84.50 | 68.00 | 3286 | 25753 |
| August 2019 | 95.00 | 60.25 | 95.00 | 68.00 | 5407 | 21355 |
| September 2019 | 95.00 | 63.00 | 91.00 | 61.95 | 13139 | 91360 |
| October 2019 | 110.00 | 69.00 | 104.00 | 75.00 | 5075 | 39853 |
| November 2019 | 107.00 | 75.60 | 98.80 | 83.30 | 5774 | 22943 |
| December 2019 | 95.00 | 74.00 | 94.90 | 76.20 | 4062 | 25631 |
| January 2020 | 104.00 | 77.00 | 104.10 | 77.15 | 10060 | 59279 |
| February 2020 | 105.00 | 81.15 | 106.70 | 77.95 | 13323 | 91500 |
| March 2020 | 97.00 | 60.85 | 104.70 | 71.00 | 53505 | 49653 |

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



viii. Registrars and Share Transfer Agents

Name and Address : KFin Technologies Pvt. Ltd.
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, www.karvy.com

ix. Share Transfer System:

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

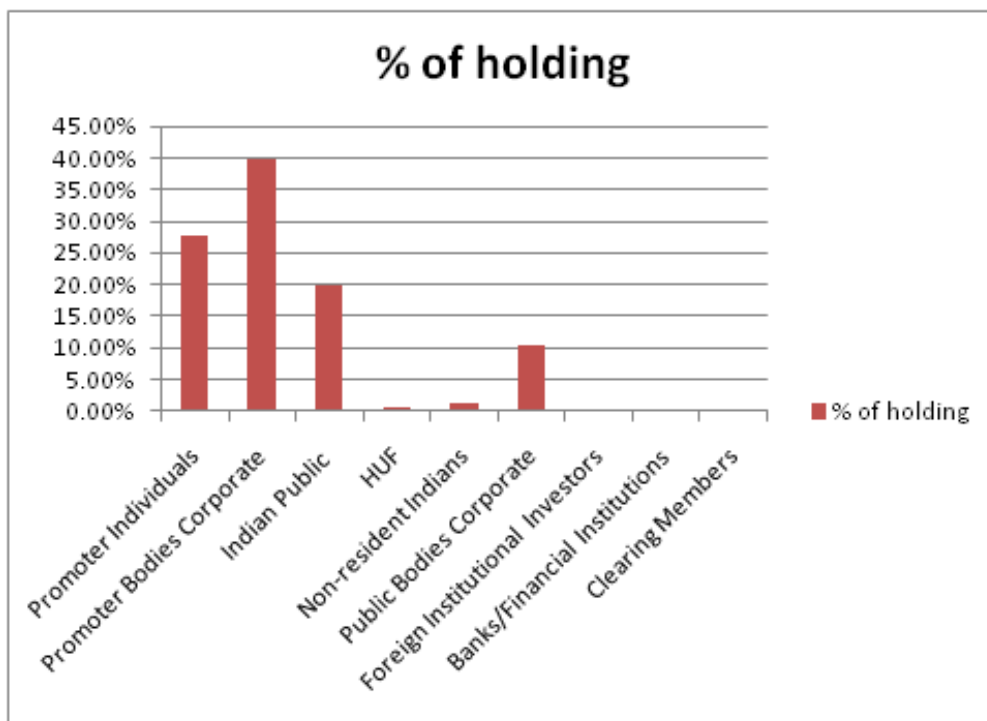
Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt of the complete documents which are in order in all respects. The directors and certain company officials, under the authority of the Stakeholders Relationship Committee and the Board, severally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

- x. Shareholding as on 31st March 2020:
A. Distribution of shareholding as on 31st March 2020

| S. NO. | Category (Amount) | No. of cases | % of cases | Amount | % of amount |
|--------|-------------------|--------------|------------|--------------|-------------|
| 1 | 1-5000 | 4327 | 87.43 | 5399440.00 | 3.00 |
| 2 | 5001- 10000 | 264 | 5.33 | 2094170.00 | 1.16 |
| 3 | 10001- 20000 | 145 | 2.93 | 2099300.00 | 1.17 |
| 4 | 20001- 30000 | 68 | 1.37 | 1686450.00 | 0.94 |
| 5 | 30001- 40000 | 25 | 0.51 | 852620.00 | 0.47 |
| 6 | 40001- 50000 | 28 | 0.57 | 1327660.00 | 0.74 |
| 7 | 50001- 100000 | 36 | 0.73 | 2602750.00 | 1.45 |
| 8 | 100001 & Above | 56 | 1.13 | 163943470.00 | 91.08 |
| | Total: | 4949 | 100.00 | 180005860.00 | 100.00 |

- B. Categories of equity shareholders as on 31st March 2020:

| Category | No. of equity shares held | % of holding |
|---------------------------------|---------------------------|--------------|
| Promoter Individuals | 4978230 | 27.66% |
| Promoter Bodies Corporate | 7145195 | 39.69% |
| Indian Public | 3598362 | 19.99% |
| HUF | 126136 | 0.70% |
| Non-resident Indians | 259,505 | 1.44% |
| Public Bodies Corporate | 1890620 | 10.50% |
| Foreign Institutional Investors | 1300 | 0.01% |
| Banks/Financial Institutions | 522 | 0.00% |
| Clearing Members | 716 | 0.00% |
| NBFC | 0 | 0.00% |
| Total | 18000586 | 100% |



C. Top ten equity shareholders of the company as on 31st March 2020:

| S.No | Name of the equity shareholder | No. of equity shares held | % of holding |
|------|--|---------------------------|--------------|
| 1. | Ipca Laboratories Limited | 7145195 | 39.69% |
| 2. | Hemalata Ravi | 2691524 | 14.96% |
| 3. | Avinash Ravi | 2140272 | 11.89% |
| 4. | Sun Pharmaceutical Industries Limited | 1050000 | 5.83% |
| 5. | Deep Investrade (Bombay) Private Limited | 599000 | 3.33% |
| 6. | K Satish | 443067 | 2.46% |
| 7. | Shaaji Palliyath | 200000 | 1.11% |
| 8. | K Swapna | 156653 | 0.94% |
| 9. | Edelweiss Asset Reconstruction Company Limited | 150000 | 0.83% |
| 10. | Nagendra Rao Vempati | 119600 | 0.66% |

xi. Dematerialisation of shares and liquidity:

The company's shares are compulsorily traded in dematerialised form on BSE. Equity shares of the company representing 96.04% of the company's equity share capital are dematerialised as on 31st March 2020.

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

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

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

xiii. Plant Locations:

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

Unit I:

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

Unit II:

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

Email- marketing@krebsbiochem.com

xiv. Address for correspondence:

Registered Office:

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

Corporate Office:

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

Phone: 040-66808040

Designated email id for investor services:

investors@krebsbiochem.com

Website: www.krebsbiochem.com



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

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

I confirm that the Company has in respect of the year ended 31st March 2020, 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: 15.06.2020



MANAGING DIRECTOR AND CFO CERTIFICATION

To the members of
Krebs Biochemicals & Industries Limited

I, Avinash Ravi, Managing Director and Mr.Ravi Babu, 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 2020 and that to the best of my knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and audit committee, that there are no deficiencies in the design or operation of such internal controls, of which we are aware.
- d) We, have indicated to the Auditors and Audit Committee :
 - 1) There are no significant changes in the internal control over financial reporting during the year;
 - 2) There are no significant changes in the accounting policies during the year other than the adoption of Indian Accounting Standards; and
 - 3) That there are no instances of significant fraud and the involvement therein of the management or an employee of the company having a significant role on the company's internal control system over financial reporting.

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

Sd/-
Ravi Babu
CFO

Place: Hyderabad
Date: 15.06.2020

**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, 2020, as stipulated in:
 - Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except sub-regulation 4 of Regulation 23 of the said regulations for the financial year 2019-20.
 - Regulations 17 to 27 (excluding 23(4)) and clauses (b) to (i) of regulation 46 (2) and Paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) for the financial year 2019-20.
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 2020.
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 Bhavani & Co
Chartered Accountants
(Firm's Registration Number : 012139S)
CA S Kavitha Padmini
Partner
M.No : F-229966

Place: Hyderabad

Date: 15.06.2020

Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

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

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

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

the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, such other Statutory Authority.

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

**For DSMR & Associates
Company Secretaries**

**Sd/-
D S M Ram
C. P. No. 4239
Proprietor
UDIN-A014939B000578458**

**Place: Hyderabad
Date : 13.08.2020**

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

Global:

Pharmaceutical Industry worldwide is expected to grow steadily with less developed markets and therapies directed to age related diseases being major drivers.

Emerging markets are driving the growth with increasing purchasing power and access to healthcare.

Developed markets continue to grow with new medicines.

The ongoing Covid-19 pandemic has focused the immediate efforts of the Global Pharmaceutical Industry towards finding therapies for the treatment and also vaccine development. Further it has made both Countries and Companies to review the supply chains for critical and essential drugs and their dependency on certain countries. This could be an opportunity for India.

Indian Pharma Sector:

The Indian Pharmaceutical sector is increasingly recognised as a source of Quality and cost effective medicines for the world. Its domestic market is growing at one of the highest rate in the emerging markets and is driven by increasing purchasing power of the population and wider availability of healthcare.

The Indian government has in response to the covid 19 pandemic having studied the supply chains of Indian pharmaceutical manufacturers has announced incentives to promote the manufacturing of API which are currently imported from China to make India self reliant.

(Source: IBEF)

Strengths & Opportunities:

Combination of niche technology based products and Market strength of Ipca allows the company to be a quality competitive player in API manufacturing.

The company's existing infrastructure and expertise in Fermentation can enable capitalizing on the Government API manufacturing promotion schemes.

Risks, Concerns & Threats:

Dependence of too few products for revenues and growth can pose unexpected risks. In order to mitigate this a strong pipeline is being developed.

Updation and upgradation of facility and manpower to be in line with the latest quality and regulatory requirements is of paramount importance. This is a continuous and ongoing process

Common goals of Company and partner can enable a healthy growth trajectory. This is being done at arms length and transparent manner.

Company infrastructure:

Krebs, having its Registered Office at Kothapalli (V), Anakapalli, Vishakapatnam, Andhra Pradesh and corporate office at Hyderabad, has two multi-purpose manufacturing facilities,

Unit – I in Nellore and Unit – II in Anakapalli (Vizag) with all support infrastructures like Utilities, environment management and safety systems.

Performance of the company:

During the year under review your company recorded total income of Rs. 3377.73 Lakhs compared to Rs.4808.86 lakhs in previous financial Year 2018-19.

Internal Control Systems and their adequacy:

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

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

Discussion on Financial Performance with respect to Operational Performance:

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

Capital:

The Authorized Share Capital of the company is Rs. 53,00,00,000 (Rupees Fifty Three Crore only), comprising of:

i. Rs. 23,00,00,000 (Rupees Twenty three Crore) equity share capital divided into 2,30,00,000 Equity Shares of Rs. 10/- each; and

ii. Rs. 30,00,00,000 (Rupees Thirty Crore only) preference share capital divided into 30,00,000 Preference Shares of Rs. 100/- each.

Reserves:

The reserves of the company were reported at Rs.(4299.65) as against Rs. (3044.28) Lakhs during the year.

Secured Loans:

The secured loan with Edelweiss Asset Reconstruction Company Limited has been reduced by Rs. 191.70 lakhs, as the installments have been paid as per the agreement entered.

As on 31st March, 2020, the Secured loan stood at Rs. 00.00 lakhs compared to Rs. 191.70 lakhs during the previous year.

Investments:

No investments were undertaken during the year under review.

Inventories:

The value of inventories stood at 1,499.56 Lakhs as at the end of the period i.e as on 31st March, 2020. 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 decreased to Rs. 20.21 Lakhs during the period ended 31st March 2020 from Rs. 291.09 lakhs as on 31st March 2019. Sundry debtors outstanding for more than six months as on the balance sheet date were accumulated over a period and the recovery action was initiated.

Fixed Assets:

The net additions made during the year under review, amounted to Rs. 870.64 Lakhs respectively, which takes the total gross block to Rs.24,029.24 Lakhs as on 31st March, 2020 as against Rs. 23,159.22 Lakhs as on 31st March, 2019.

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.441.88 lakhs as on 31st March, 2020 as against Rs. 418.43 Lakhs as on 31st March, 2019 based on the useful life of the assets as per Schedule II of the Companies Act, 2013 and applicable accounting standards

Raw Material:

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

The company has a very low dependence on imported raw materials.

Finance Charges:

The finance charges during the year amounted to Rs.592.78 Lakhs as against Rs. 623.80 Lakhs during the previous year during which the interest was paid towards the Inter-corporate Deposit and other statutory payments.

Overheads:

The Other Overheads are Rs. 2110.32 Lakhs for the FY 2019-20 as against Rs.1953.00 Lakhs for the F.Y2018-19, on account operations during the respective accounting periods.

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.

During the Financial year manufacturing activity Of Unit II was temporarily stopped by the Pollution Control Board. The concerns raised by Pollution Control Board have been addressed in entirety and a Permanent revocation has been obtained and full manufacturing activity was resumed.

Cautionary Statement

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

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

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

Sd/-

Avinash Ravi

Managing Director

Place: Hyderabad

Date: 07.08.2020

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF FINANCIAL RESULTS TO THE BOARD OF DIRECTORS OF KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Opinion

We have audited the accompanying Statement of Financial Results of **KREBS BIOCHEMICALS & INDUSTRIES LIMITED** (the "Company"), for the three months and year ended March 31, 2020 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the statement:

- a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- b. gives a true and fair view in conformity with Indian Accounting Standard 34 "Interim Financial Reporting" (IndAS34) prescribed under Section 133 of the Companies Act 2013 (the "Act") read with relevant rules issued there under and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the three months and year ended March 31, 2020.

Basis for Opinion

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

Management's Responsibilities for the Financial Results

This Statement, is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited Interim condensed financial statements for the year ended March 31, 2020. The Company's Board of Directors are responsible for the preparation and presentation of the Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in IndAS34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Financial Results

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

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

- Identify and assess the risks of material misstatement of the Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the over all presentation, structure and content of the Financial Results, including the disclosures, and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Results of the Company to express an opinion on the Financial Results.

Materiality is the magnitude of misstatements in the Financial Results that, individually or in aggregate, makes it probable that the economic decision so far reasonably knowledge able user of the Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Results.

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

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

For Bhavani & Co
Chartered Accountants
(Firm's Registration Number :012139S)

CA S Kavitha Padmini
Partner
M.No :F-229966
UDIN # 20229966AAAABL1029

Date : 15/06/2020
Place : Hyderabad

“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, 2020:

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

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

- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities though there has been slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 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 (A.Y) | Forum where the dispute is pending and amount deposited |
|----------------------|-----------------------|-------------|--|--|
| Income Tax Act, 1961 | Income tax | 3,36,18,834 | From AY 2002-03 to and AY 2014-15 _CIT (A) AY 2004-05 (HC) | AP and Telangana High Court (AY 2002-03 to 04-05) CIT (A)_AY 2014-15 |

- 8) Opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- 9) The company has not raised moneys by way of public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the company.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting Standard.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment of 13,70,000 number of equity shares of Rs 10 each with a premium of Rs.76/ each and issued share warrants of 35,60,000 @ Rs: 86/- each, having face value of Rs.10/- each issued at premium of Rs.76 /- each. For these warrants 25% of the



amount was received during the year. The company also issued 30,00,000 9% Non-convertible, Redeemable, Non-cumulative preference shares at the rate of Rs.100/- each without premium. The issue complies with the requirements of Companies Act, 2013 and the amounts raised have been used for the purpose 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 Bhavani & Co
Chartered Accountants
(Firm's Registration Number : 012139S)

CA S Kavitha Padmini
Partner
M.No : F-229966
UDIN # 20229966AAAABL1029

Date : 15/06/2020
Place : Hyderabad

**“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, 2020 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 safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, 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 Bhavani & Co
Chartered Accountants
(Firm’s Registration Number : 012139S)

CA S Kavitha Padmini
Partner
M.No : F-229966
UDIN # 20229966AAAABL1029

Date : 15/06/2020
Place : Hyderabad

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

(Rs in Lacs)

| PARTICULARS | Note No | As at 31.03.2020 Audited | As at 31.03.2019 Audited |
|--|---------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Non Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 10,336.56 | 9,908.46 |
| (b) Capital Work in Progress | 3 | 234.56 | 163.45 |
| (c) Other Intangible Assets | 4 | 192.27 | 218.29 |
| (d) Intangible assets under development | 5 | 184.71 | 184.71 |
| (e) Financial Assets | 6 | 153.65 | 145.34 |
| (f) Other Non Current Assets | 7 | 392.28 | 518.58 |
| Total Non Current Assets | | 11,494.03 | 11,138.83 |
| Current Assets | | | |
| (a) Inventories | 9 | 1,499.56 | 896.37 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 10 | 20.21 | 291.09 |
| (ii) Cash & Cash Equivalents | 11 | 17.43 | 1,731.89 |
| (iii) Other Financial Assets | 6 | 8.17 | 21.04 |
| (c) Other Current Assets | 8 | 340.62 | 157.28 |
| Total Current Assets | | 1,885.99 | 3,097.67 |
| Total Assets | | 13,380.02 | 14,236.50 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 12 | 1,800.06 | 1,663.06 |
| (b) Other Equity | 13 | (4,299.65) | (3,091.97) |
| Total Equity | | (2,499.59) | (1,428.91) |
| Liabilities | | | |
| Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Long Term Borrowings | 14 | 6,550.58 | 5,022.71 |
| (ii) Other Financial Liabilities | 15 | 269.36 | 350.47 |
| (b) Provisions | 16 | 46.74 | 227.40 |
| (c) Retirement benefit obligations | 17 | 199.58 | 176.89 |
| (d) Other Non Current Liabilities | 18 | 4,500.00 | 4,401.79 |
| Total Non Current Liabilities | | 11,566.26 | 10,179.26 |
| Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | | - | - |
| (ii) Trade Payables | 19 | | |
| (a) Total outstanding dues of micro and small enterprises | | 276.21 | 321.80 |
| (b) Total outstanding dues of creditors other than micro and small enterprises | | 1,992.90 | 1,821.80 |
| (iii) Other Financial Liabilities | 20 | 977.43 | 2,369.83 |
| (b) Other Current Liabilities | 20 | 868.18 | 830.09 |
| (c) Provisions | 16 | 83.56 | 65.59 |
| (d) Retirement benefit obligations | 17 | 115.07 | 77.04 |
| Total Current Liabilities | | 4,313.35 | 5,486.15 |
| Total Equity and Liabilities | | 13,380.02 | 14,236.50 |

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

For For BHAVANI & COChartered Accountants
Firm's Reg No: 012139SSd/-
CA S. Kavitha Padmini
Partner
M.NO.229966Place : Hyderabad
Date : 15.06.2020

for and on behalf of the Board of Directors

Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152Sd/-
B TARUNI
Company SecretarySd/-
R RAVIBABU
C F O



KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2020

(Rs in Lacs)

| PARTICULARS | Note No | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|---------|-----------------------|-----------------------|
| I Revenue From Operations | 21 | 2,358.38 | 3,713.27 |
| II Other Operating Income | 22 | 982.83 | 1,062.53 |
| III Other Income | 23 | 36.52 | 33.06 |
| IV Total Income (I+II+III) | | 3,377.73 | 4,808.86 |
| V Expenses | | | |
| Cost of Materials Consumed | 24 | 1,917.74 | 2,099.43 |
| Changes in Inventories of Finished Goods and Work-In-Progress | 25 | (331.87) | 210.93 |
| Employee Benefits Expenses | 26 | 1,508.06 | 1,493.70 |
| Finance Costs | 27 | 592.78 | 623.80 |
| Depreciation and Amortization Expenses | 3&4 | 467.90 | 440.23 |
| Other Manufacturing Expenses | 28 | 1,705.21 | 1,579.60 |
| Other Expenses | 29 | 405.11 | 373.41 |
| Total Expenses (V) | | 6,264.93 | 6,821.10 |
| VI Profit/ (Loss) Before Exceptional Items and Tax (I-V) | | (2,887.20) | (2,012.24) |
| VII Exceptional Items | | | |
| Depletion in the Value of Inventory | | - | - |
| Amount Written Off | | - | 11.09 |
| Prior Period (Expenditure) / Income | | - | - |
| Profit on sale of Fixed Assets | | - | - |
| Total Exceptional items (VII) | | - | 11.09 |
| VIII Profit/ (Loss) Before Tax (VI-VII) | | (2,887.20) | (2,001.15) |
| IX Tax Expense: | | | |
| (1) Current Tax | | - | - |
| (2) Deferred Tax | | - | - |
| X Profit/ (Loss) for the Period From Continuing Operations (VIII-IX) | | (2,887.20) | (2,001.15) |
| XI Profit/ (Loss) from Discontinued Operations | | - | - |
| XII Tax Expense of Discontinued Operations | | - | - |
| XIII Profit/ (Loss) from Discontinued Operations (After Tax) (XI-XII)" | | - | - |
| XIV Profit/(Loss) for The Period (IX+XIII) | | (2,887.20) | (2,001.15) |
| XV Other Comprehensive Income | | | |
| A. (i) Items That Will Not Be Reclassified to Profit or Loss | | (7.70) | 0.20 |
| (ii) Income Tax Relating to Items That Will Not Be Reclassified to Profit or Loss | | - | - |
| B. (i) Items That Will Be Reclassified to Profit or Loss | | (119.39) | (132.27) |
| (ii) Income Tax Relating to Items That Will Be Reclassified to Profit or Loss | | - | - |
| Other Comprehensive Income for the year | | (127.08) | (132.07) |
| XVI Total Comprehensive Income For The Period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income For The Period) | | (3,014.28) | (2,133.22) |
| XVII Earning per Equity Share (For Continuing Operation): | | | |
| (1) Basic | | (16.75) | (12.83) |
| (2) Diluted | | (17.90) | (15.46) |

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

For For BHAVANI & CO

Chartered Accountants
Firm's Reg No: 012139S

Sd/-
CA S. Kavitha Padmini
Partner
M.NO.229966

Place : Hyderabad
Date : 15.06.2020

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/-
B TARUNI
Company Secretary

Sd/-
R RAVIBABU
C F O



KREBS BIOCHEMICALS & INDUSTRIES LTD, HYDERABAD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(Rs in Lacs)

| PARTICULARS | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|-----------------------|-----------------------|
| Cash Flow from Operating Activities | | |
| Net Profit before tax and exceptional items | (2,887.20) | (2,012.24) |
| Adjustments for: | | |
| Depreciation and Amortisation Expenses | 467.90 | 440.23 |
| Financial Charges | 592.78 | 623.80 |
| Other Income | (36.52) | (33.06) |
| Operating Profit before Working Capital Changes | (1,863.04) | (981.27) |
| Changes in Working Capital | | |
| (Increase)/Decrease in Inventories | (603.19) | 276.47 |
| (Increase)/Decrease in Trade Receivables | 270.89 | (258.61) |
| (Increase)/Decrease in Other Financial Assets | 12.86 | (15.91) |
| (Increase)/Decrease in Other Current Assets | (183.34) | 314.28 |
| (Increase)/Decrease in Financial Assets | (8.31) | (35.44) |
| (Increase)/Decrease in Other Non Current Assets | 126.30 | (215.25) |
| Increase/(Decrease) in Non Current Provisions | (180.66) | 6.61 |
| Increase/(Decrease) in Retirement Benefit obligations | 14.99 | 29.56 |
| Increase/(Decrease) in Current Provisions | 17.97 | 12.63 |
| Increase/(Decrease) in Retirement Benefit obligations | 38.03 | 4.55 |
| Increase/(Decrease) in Trade Payables | 125.53 | 378.68 |
| Increase/(Decrease) in Other Current financial liabilities | (1,392.41) | 465.76 |
| Increase/(Decrease) in Other Current Liabilities | 38.11 | 407.45 |
| Cash generated from Operations | (1,723.22) | 1,370.79 |
| Net Cash Flow from Operating Activities | (3,586.27) | 389.51 |
| (Increase)/Decrease of Property, Plant & Equipment | (870.01) | (433.89) |
| (Increase)/Decrease of Capital Work-in-Progress | (71.11) | 55.49 |
| (Increase)/Decrease of Other Intangible Assets | - | (56.04) |
| (Increase)/Decrease of Intangible assets under development | - | (30.18) |
| Other Income | 36.52 | 33.06 |
| Cash Flow from Investing Activities | (904.60) | (431.56) |
| Increase/(Decrease) in long term borrowings | 1,506.70 | (206.98) |
| Increase/(Decrease) in Share Capital | 137.00 | 288.63 |
| Increase/(Decrease) in Share Premium | 1,041.20 | 2,193.59 |
| Increase/(Decrease) in Share Warrants | 765.40 | - |
| Financial Charges | (592.78) | (623.80) |
| Increase/(Decrease) in Other Financial Liabilities | (81.11) | 80.66 |
| Cash Flow from Financing Activities | 2,776.41 | 1,732.09 |
| Net Increase (Decrease) in Cash and Cash equivalents | (1,714.46) | 1,690.05 |
| Cash and Cash equivalents as at the beginning of the year | 1,731.89 | 41.84 |
| Cash and Cash equivalents at the end of the year | 17.43 | 1,731.89 |

As per our report of even date attached

For For BHAVANI & COChartered Accountants
Firm's Reg No: 012139SSd/-
CA S. Kavitha Padmini
Partner
M.NO.229966Place : Hyderabad
Date : 15.06.2020**for and on behalf of the Board of Directors**Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152Sd/-
B TARUNI
Company SecretarySd/-
R RAVIBABU
C F O

**Statement of Changes in Equity
Movements in Equity Share Capital**

(Rs. in Lacs)

| | No. of Shares | Equity Share Capital (Rs) |
|---------------------------|---------------|---------------------------|
| As at 01.04.2018 | 137.44 | 1,374.43 |
| Rights Issue | 28.86 | 288.63 |
| As at 31.03.2019 | 166.30 | 1,663.06 |
| Increased during the year | 13.70 | 137.00 |
| As at 31.03.2020 | 180.00 | 1,800.06 |

Other Equity

(Rs. in Lacs)

| | Reserves & Surplus | | | | | Total Other Equity |
|---|---------------------------------------|----------------------------|--------------------|---------------|----------------------------|--------------------|
| | Money Received against Share Warrants | Securities Premium Reserve | Retained Earnings | State Subsidy | IND AS Conversion Reserves | |
| Balance as at 01.04.2019 | | 8,054.96 | (12,292.01) | 39.38 | 1,105.70 | (3,091.98) |
| Profit for the year | - | - | (2,887.20) | - | - | (2,887.20) |
| Profit/(Loss) on sale of fixed asset | - | - | 0.62 | - | (0.62) | - |
| Other Comprehensive Income | - | - | (127.08) | - | - | (127.08) |
| Total Comprehensive Income for the year | - | 8,054.96 | (15,305.67) | 39.38 | 1,105.08 | (6,106.25) |
| Received on Preference Issue | 765.40 | 1,041.20 | - | - | - | 1,806.60 |
| Balance as at 31.03.2020 | 765.40 | 9,096.16 | (15,305.67) | 39.38 | 1,105.08 | (4,299.65) |

Note:

- 1) Issued Share warrants of 35,60,000 @ Rs: 86/- each, having face value of Rs.10/- each issued at premium of Rs.76 /- each on 05-02-2020. For this warrants amount received 25% which is Rs.765.4 Lacs
- 2) The company had made allotment of 13,70,000, Equity shares @ Rs. 86/- each with face value of Rs.10/- each issued at premium of Rs.76/-each which is added to this year security premium account of Rs : 1041.2 Lacs

Other Equity

(Rs. in Lacs)

| | Reserves & Surplus | | | | | Total Other Equity |
|---|---------------------------------------|----------------------------|--------------------|---------------|----------------------------|--------------------|
| | Money Received against Share Warrants | Securities Premium Reserve | Retained Earnings | State Subsidy | IND AS Conversion Reserves | |
| Balance as at 01.04.2018 | | 5,861.37 | (10,158.80) | 39.38 | 1,105.70 | (3,152.35) |
| Profit for the year | - | - | (2,001.15) | - | - | (2,001.15) |
| Profit/(Loss) on sale of fixed asset | - | - | - | - | - | - |
| Other Comprehensive Income | - | - | (132.06) | - | - | (132.06) |
| Total Comprehensive Income for the year | - | 5,861.37 | (12,292.01) | 39.38 | 1,105.70 | (5,285.56) |
| Received on Rights Issue | - | 2,193.59 | - | - | - | 2,193.59 |
| Balance as at 31.03.2019 | - | 8,054.96 | (12,292.01) | 39.38 | 1,105.70 | (3,091.98) |

For For BHAVANI & COChartered Accountants
Firm's Reg No: 012139SSd/-
CA S. Kavitha Padmini
Partner
M.NO.229966Place : Hyderabad
Date : 15.06.2020**for and on behalf of the Board of Directors**Sd/-
DR. R.T. RAVI
Chairman
DIN: 00272977Sd/-
AVINASH RAVI
Managing Director
DIN: 01616152Sd/-
B TARUNI
Company SecretarySd/-
R RAVIBABU
C F O

Significant accounting policies to the Financial Statements for the Year Ended 31st March, 2020

1 Corporate information

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

Significant accounting policies

2 Basis of accounting and preparation of financial statements

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

2.1 Historical Cost Convention

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

Use of Estimates

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

2.2 Current and non-current Classification

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

An asset is current when

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

It is held primarily for the purpose of trading or

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

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

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle or

It is held primarily for the purpose of trading or

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

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

The Company classifies all other liabilities as non-current.

2.3 Inventories

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

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

c) The basis of determining the cost is

Raw Materials : Weighted average cost

Stores and spares : Weighted average cost

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

2.4 Property plant and equipment:

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

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

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

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

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

2.5 Revenue recognition

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

- a) Export sales: Export sales are recognized on the date of Bill of Lading. However, final adjustments are made in the year of receipt of discharge port analysis.
- b) Domestic sales: Domestic sales are accounted on the date of Forwarding Note (Rail dispatches / Lorry receipt / Delivery challan). However, in case of spot auction under electronic mode, the sale is recognized on conclusion of the auction.
- c) Scrap sales: Income is accounted on realization basis in respect of used / surplus / obsolete / unserviceable materials / waste products and scrap

2.6 Expenditure

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

2.7 Intangible fixed assets

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

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

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

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

2.8 Capital work-in-progress:

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

2.9 Interest Free Sales Tax Loan:

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

2.10 Foreign Exchange Transaction:

All the Foreign Exchange transactions entered into during the current financial year are accounted at the exchange rate prevailing on the date of documentation/invoicing. Foreign Exchange Fluctuation on transactions entered into during the current financial year and received/paid during the year are accounted in the current financial year. The outstanding foreign currency debtors are restated at the Foreign Currency Rates

prevailing at the end of the year and the Foreign Exchange Fluctuation on the same is also recognised at the end of the year in conformity with Indian Accounting Standards and foreign currency debtors which are doubtful at the end of the year are not restated at the foreign currency rates prevailing at the end of the year.

2.11 Employee Benefits:

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

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

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

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

2.12 Borrowing costs

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

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

2.13 Financial Assets & Financial Liabilities

Initial recognition and measurement

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

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

Subsequent Measurement

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

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

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

2.14 Earnings per share

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

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

Calculation of earnings per share:

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

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

2.15 Taxes on income

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

current tax is also recognised in OCI or equity. "MAT Credit" Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the Statement of Profit and Loss and corresponding debit is done to the Deferred Tax Asset as unused tax credit."

2.16 Impairment of assets

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

2.17 Provisions and contingencies

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

2.18 R & D Expenditure

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

2.19 Dividends

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

2.20 Accounting Policies, change in Accounting Estimates and Errors

I Revenue Recognition:

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

II Ind AS 116 Leases:

Effective 1st April' 2019, the company has adopted Ind AS 116 - Leases using the modified retrospective method. The adoption of the standard did not have any material impact on the stand alone financial result of the company.

2.21 Effect of Covid-19

The company has considered the possible effects that may result from the pandemic relating to Covid 19 on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. In developing the assumptions relating to the future possible uncertainties in the global economic conditions, the Company has, at the date of approval of these standalone financial results, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the company. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. However, the impact assessment of Covid-19 is a continuing process, given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

Note 3 : Property, Plant & Equipment

(Rs. in Lacs)

| Particulars | Land | Wells | Buildings - Factory | Buildings - Non Factory | Plant & Machinery - Pharma Divisions | Plant & Machinery - Power Plant | Boilers | Electrical Insta llations | D.G.Set | Effluent Treatment Plant | Factory Equipment | Lab Equip ment | Research & Dev. Equipment | Office Equipment | Furniture and Fixtures | Vehicles | Computers | Total | Capital Work in Progress |
|-------------------------------------|----------|-------|------------------------|-------------------------------|---|--|---------|---------------------------------|---------|--------------------------------|----------------------|----------------------|---------------------------------|---------------------|------------------------------|----------|-----------|-----------|--------------------------------|
| Year Ended 31.03.2020 | | | | | | | | | | | | | | | | | | | |
| Gross Carrying Amount | | | | | | | | | | | | | | | | | | | |
| Deemed Cost as on 01.04.2019 | 4,842.50 | 27.89 | 1,898.60 | 107.77 | 11,919.09 | 1,204.36 | 97.47 | 841.64 | 350.93 | 672.70 | 255.40 | 519.58 | 104.15 | 50.40 | 62.29 | 118.16 | 86.30 | 23,159.22 | 163.45 |
| Additions | - | 2.91 | 20.05 | 20.03 | 458.99 | - | 41.84 | 40.09 | - | 261.06 | 10.00 | 3.42 | - | - | 0.32 | - | 11.93 | 870.64 | 941.71 |
| Disposals | 0.63 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.63 | 870.60 |
| Closing Gross Carrying Amount | 4,841.87 | 30.80 | 1,918.65 | 127.80 | 12,378.08 | 1,204.36 | 139.31 | 881.73 | 350.93 | 933.76 | 265.40 | 523.00 | 104.15 | 50.40 | 62.61 | 118.16 | 98.24 | 24,029.24 | 234.56 |
| Accumulated Depreciation | - | 4.73 | 922.31 | 29.35 | 8,857.01 | 928.72 | 97.47 | 577.09 | 346.65 | 608.79 | 148.26 | 344.35 | 95.58 | 48.22 | 50.38 | 112.29 | 79.60 | 13,250.79 | - |
| Depreciation charge for the Year | - | 5.44 | 66.36 | 1.78 | 292.13 | 8.97 | 0.49 | 28.33 | 0.54 | 8.38 | 7.19 | 12.60 | 1.44 | 0.55 | 1.53 | 0.65 | 5.51 | 441.88 | - |
| Closing Accumulated Depreciation | - | 10.17 | 988.67 | 31.13 | 9,149.13 | 937.69 | 97.96 | 605.42 | 347.19 | 617.18 | 155.45 | 356.94 | 97.01 | 48.77 | 51.91 | 112.94 | 85.12 | 13,692.67 | - |
| Closing Net Carrying Amount | 4,841.87 | 20.63 | 929.98 | 96.68 | 3,228.95 | 266.67 | 41.35 | 276.31 | 3.74 | 316.58 | 109.94 | 166.05 | 7.14 | 1.64 | 10.70 | 5.22 | 13.12 | 10,336.56 | 234.56 |
| Year Ended 31.03.2019 | | | | | | | | | | | | | | | | | | | |
| Gross Carrying Amount | | | | | | | | | | | | | | | | | | | |
| Deemed Cost as on 01.04.2018 | 4,842.50 | 24.01 | 1,894.69 | 107.77 | 11,559.75 | 1,204.36 | 97.47 | 787.50 | 350.93 | 670.32 | 249.01 | 515.70 | 104.15 | 50.40 | 62.29 | 118.16 | 86.30 | 22,725.32 | 218.94 |
| Additions | - | 3.88 | 3.90 | - | 359.34 | - | - | 54.14 | - | 2.38 | 6.38 | 3.88 | - | - | - | - | - | 433.91 | 378.75 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 434.24 |
| Closing Gross Carrying Amount | 4,842.50 | 27.89 | 1,898.60 | 107.77 | 11,919.09 | 1,204.36 | 97.47 | 841.64 | 350.93 | 672.70 | 255.40 | 519.58 | 104.15 | 50.40 | 62.29 | 118.16 | 86.30 | 23,159.22 | 163.45 |
| Opening Accumulated Depreciation | - | - | 856.18 | 27.58 | 8,583.84 | 919.76 | 97.47 | 550.23 | 346.11 | 602.86 | 141.36 | 331.84 | 94.12 | 47.64 | 48.82 | 111.03 | 73.49 | 12,832.34 | - |
| Depreciation charge for the Year | - | 4.73 | 66.13 | 1.77 | 273.16 | 8.97 | - | 26.85 | 0.54 | 5.93 | 6.91 | 12.50 | 1.46 | 0.57 | 1.56 | 1.27 | 6.11 | 418.43 | - |
| Closing Accumulated Depreciation | - | 4.73 | 922.31 | 29.35 | 8,857.01 | 928.72 | 97.47 | 577.09 | 346.65 | 608.79 | 148.26 | 344.35 | 95.58 | 48.22 | 50.38 | 112.29 | 79.60 | 13,250.76 | - |
| Closing Net Carrying Amount | 4,842.50 | 23.16 | 976.29 | 78.42 | 3,062.08 | 275.63 | - | 264.55 | 4.28 | 63.91 | 107.14 | 175.23 | 8.57 | 2.19 | 11.90 | 5.87 | 6.70 | 9,908.46 | 163.45 |

Note 4 : Other Intangible assets

(Rs in Lacs)

| Particulars | Product Development |
|--------------------------------------|---------------------|
| Year Ended 31.03.2020 | |
| Gross Carrying Amount | - |
| Deemed Cost as on 01.04.2019 | 282.07 |
| Additions | - |
| Capitalised during the year | - |
| Closing Gross Carrying Amount | 282.07 |
| Opening Accumulated Amortisation | 63.78 |
| Amortisation charge for the Year | 26.02 |
| Closing Accumulated Amortisation | 89.80 |
| Closing Net Carrying Amount | 192.27 |
| Year Ended 31.03.2019 | |
| Gross Carrying Amount | |
| Deemed Cost as on 01.04.2018 | 226.02 |
| Additions | - |
| Capitalised during the year | 56.04 |
| Closing Gross Carrying Amount | 282.07 |
| Opening Accumulated Amortisation | 41.98 |
| Amortisation charge for the Year | 21.80 |
| Closing Accumulated Amortisation | 63.78 |
| Closing Net Carrying Amount | 218.29 |

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

Note 5 : Intangible Assets Under Development

(Rs in Lacs)

| Particulars | Product Development Under Process |
|--------------------------------------|-----------------------------------|
| Year Ended 31.03.2020 | |
| Gross Carrying Amount | - |
| Deemed Cost as on 01.04.2019 | 184.71 |
| Additions | - |
| Capitalised during the year | - |
| Closing Gross Carrying Amount | 184.71 |
| Opening Accumulated Amortisation | - |
| Amortisation charge for the Year | - |
| Closing Accumulated Amortisation | - |
| Closing Net Carrying Amount | 184.71 |
| Year Ended 31.03.2019 | |
| Gross Carrying Amount | |
| Deemed Cost as on 01.04.2018 | 154.53 |
| Additions | 86.22 |
| Capitalised during the year | (56.04) |
| Closing Gross Carrying Amount | 184.71 |
| Opening Accumulated Amortisation | - |
| Amortisation charge for the Year | - |
| Closing Accumulated Amortisation | - |
| Closing Net Carrying Amount | 184.71 |

Note 6 : Financial Assets

(Rs. in Lacs)

| Particulars | 31.03.2020 | | 31.03.2019 | |
|-------------------------------|-------------|---------------|--------------|---------------|
| | Current | Non Current | Current | Non Current |
| Security Deposit | | 149.91 | 12.50 | 141.60 |
| Advances to Employees | 1.00 | 3.74 | 1.00 | 3.74 |
| Interest Accrued and due | 6.80 | - | 6.61 | - |
| Interest Accrued but not due | 0.38 | - | 0.92 | - |
| Total Financial Assets | 8.17 | 153.65 | 21.04 | 145.34 |

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

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

Note 7 : Other Non Current Assets

Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|---------------------------------------|---------------|---------------|
| Capital Advances | 77.99 | 216.07 |
| Other Advances | 121.33 | 121.33 |
| Balances with Govt Authorities | | |
| TDS Receivable | 171.47 | 139.69 |
| Cenvat Deposit Receivable | - | 20.00 |
| ITC Receivable | 21.50 | 21.50 |
| Total Other Non Current Assets | 392.28 | 518.58 |

Note 8 : Other Current Assets

Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|-----------------------------------|---------------|---------------|
| Balances with Govt Authorities | 277.36 | 115.52 |
| Advances for materials & Services | 39.29 | 28.39 |
| Prepaid Expenses | 23.98 | 13.38 |
| Total Other Current Assets | 340.62 | 157.28 |

Note 9 : Inventories

Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|------------------------------|-----------------|---------------|
| Raw Materials | 651.63 | 386.95 |
| Work in Progress | 687.93 | 461.22 |
| Finished Goods | 148.52 | 44.03 |
| Stores, Spares & Consumables | 11.48 | 4.17 |
| Total Inventories | 1,499.56 | 896.37 |

Note 10 : Trade Receivables

Unsecured, Considered Good

Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|--------------|---------------|
| Trade Receivables | 12.85 | 14.18 |
| Receivable from Related Parties | 11.99 | 278.61 |
| Less : Allowance for Doubtful Debts | (4.64) | (1.70) |
| Total Receivables | 20.21 | 291.09 |
| Out Standing for a Period Exceeding Six Months | 8.03 | 13.47 |
| Others | 12.18 | 277.62 |

Note 11 : Cash & Cash Equivalents

Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|---|--------------|-----------------|
| Balances with Banks | | |
| - in current accounts | 4.13 | 247.22 |
| - in Margin Money accounts | 11.83 | 14.33 |
| Deposits with Maturity Less than three months | - | 1,470.00 |
| Cash on Hand | 1.47 | 0.34 |
| Total Cash & Cash Equivalents | 17.43 | 1,731.89 |

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

All Figures In Lacs

| Particulars | No. of Shares (Equity) | Amount (Rs) | No. of Shares (Preference) | Amount (Rs) |
|---------------------------|------------------------|-------------|----------------------------|-------------|
| As at 31.03.2018 | 200.00 | 2,000.00 | - | - |
| Increase during the year | - | - | - | - |
| As at 31.03.2019 | 200.00 | 2,000.00 | - | - |
| Increased during the year | 30.00 | 300.00 | 30.00 | 3,000.00 |
| As at 31.03.2020 | 200.00 | 2,000.00 | 30.00 | 3,000.00 |

b) Movements in Share Capital

All Figures In Lacs

| Particulars | No. of Shares | Equity Share Capital (Rs) |
|---------------------------|---------------|---------------------------|
| As at 31.03.2018 | 137.44 | 1,374.43 |
| Rights Issued | 28.86 | 288.63 |
| As at 31.03.2019 | 166.30 | 1,663.06 |
| Increased during the year | 13.70 | 137.00 |
| As at 31.03.2020 | 180.00 | 1,800.06 |

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

b) 13,70,000 shares issued on 05-02-2020 at face value of Rs.10/- each with a premium of Rs.76/- each.

Note 13 : Other Equity

| Particulars | 31.03.2020 | 31.03.2019 |
|---------------------------------------|-------------------|-------------------|
| Securities Premium Account | 9,096.16 | 8,054.96 |
| State Subsidy | 39.38 | 39.38 |
| Retained Earnings | (15,305.68) | (12,292.01) |
| Ind AS conversion reserve | 1,105.08 | 1,105.70 |
| Money received against share warrants | 765.40 | - |
| Total Reserves & Surplus | (4,299.65) | (3,091.97) |

Securities Premium Reserve

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------------|-----------------|-----------------|
| Opening Balance | 8,054.96 | 5,861.37 |
| Received during the year | 1,041.20 | 2,193.59 |
| Closing Balance | 9,096.16 | 8,054.96 |

State Subsidy

| Particulars | 31.03.2020 | 31.03.2019 |
|------------------------|--------------|--------------|
| Opening Balance | 39.38 | 39.38 |
| Additions | - | - |
| Closing Balance | 39.38 | 39.38 |

Retained Earnings

| Particulars | 31.03.2020 | 31.03.2019 |
|---|--------------------|--------------------|
| Opening Balance | (12,292.01) | (10,158.80) |
| Net profit for the period | (3,014.28) | (2,133.20) |
| Profit on sale of fixed asset transferred from Ind AS conversion reserve to retained earnings | 0.62 | - |
| Closing Balance | (15,305.68) | (12,292.01) |

Ind As Conversion Reserve

| Particulars | 31.03.2020 | 31.03.2019 |
|---|-----------------|-----------------|
| Opening Balance | 1,105.70 | 1,105.70 |
| Profit on sale of fixed asset transferred from Ind AS conversion reserve to retained earnings | (0.62) | - |
| Closing Balance | 1,105.08 | 1,105.70 |

Money received against share warrants

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------------|---------------|------------|
| Opening Balance | - | - |
| Received during the year | 765.40 | - |
| Closing Balance | 765.40 | - |

Note 14 : Long term Borrowings

(Rs. in Lacs)

| Particulars | Maturity Date | Terms of Repayment | Interest Rate / Coupon Rate | 31.03.2020 | | 31.03.2019 | |
|---|---------------|--|-----------------------------|-----------------|---------------------|-----------------|---------------------|
| | | | | Current Portion | Non Current Portion | Current Portion | Non Current Portion |
| Secured | | | | | | | |
| Term Loans | | | | | | | |
| From FI (EARC) | 30.09.2019 | Quarterly in four Instalments (Not Applicable NIL liability) | 12.00% | - | - | 191.70 | - |
| Unsecured | | | | | | | |
| Term Loans | | | | | | | |
| From Govt (Interest Free Sales Tax Loan) | 31.03.2025 | Annually once | 8.00% | 70.68 | 103.08 | 123.35 | 90.21 |
| From Directors | | | 12.00% | - | 200.00 | - | 200.00 |
| From Ipca Laboratories Limited | | | 11.50% | - | 3,247.50 | - | 4,732.50 |
| Non convertible, Redeemable, Non-Cumulative preference shares | | Refer point (c) | | - | 3,000.00 | - | - |
| Total | | | | 70.68 | 6,550.58 | 315.05 | 5,022.71 |

- a) All the instalments falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term borrowings'.
- b) The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. During the year the company has paid interest free sales tax Loan of Rs. Rs.52.67 lakhs for its Pharma division unit at Kothapalli. The interest free sales tax loan so far stood at Rs. 173.76 lakhs after remeasuring the liability at fair value at a discounting rate of 8%.
- c) 30,00,000 9% Non convertible, Redeemable, Non-cumulative preference shares issued on 05-02-2020 at the rate of Rs.100/- each without premium to IPCA Laboratories limited. These preference shares does not have any voting rights. As per Ind AS 32, Non Convertible Redeemable Preference Shares to be classified as Debt under Term Loans.

Note 15: Other Financial Liabilities Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|---------------|---------------|
| Payables for Capital Works | | |
| i.Total outstanding dues of micro and small enterprises | 111.54 | 162.87 |
| ii.Total outstanding dues of creditors other than micro and small enterprise | 157.82 | 187.60 |
| Total Other Financial Liabilities | 269.36 | 350.47 |

Note 16: Provisions

(Rs. in Lacs)

| Particulars | 31.03.2020 | | 31.03.2019 | |
|--------------------------------|--------------|--------------|--------------|---------------|
| | Current | Non Current | Current | Non Current |
| Provision for Bonus | 44.61 | - | 43.28 | - |
| Provision for Leave Encashment | 38.95 | 46.74 | 22.31 | 50.84 |
| Other Provisions | - | - | - | 176.57 |
| Total Provisions | 83.56 | 46.74 | 65.59 | 227.40 |

Note 17: Retirement benefit obligations

(Rs. in Lacs)

| Particulars | 31.03.2020 | | 31.03.2019 | |
|---|---------------|---------------|--------------|---------------|
| | Current | Non Current | Current | Non Current |
| Provision for Gratuity | 115.07 | 199.58 | 77.04 | 176.89 |
| Total Retirement benefit obligations | 115.07 | 199.58 | 77.04 | 176.89 |

Note 18: Other Non Current Liabilities Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|-----------------|-----------------|
| Interest Free Lease Deposit | 4,500.00 | 4,073.48 |
| Rent Received in Advance | - | 328.30 |
| Total Other Non Current Liabilities | 4,500.00 | 4,401.79 |

a) The company has renewed existing long term lease agreement with M/s IPCA Laboratories Ltd a interest free refundable lease deposit of Rs. 4500 lakhs for 2 years lease period.

Note 19: Trade Payables Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|-----------------|-----------------|
| Trade Payables | | |
| For Materials | | |
| i.Total outstanding dues of micro and small enterprises | 276.09 | 284.61 |
| ii.Total outstanding dues of creditors other than micro and small enterprise | 1,726.90 | 1,579.65 |
| For Services | | |
| i.Total outstanding dues of micro and small enterprises | 0.11 | 37.19 |
| ii.Total outstanding dues of creditors other than micro and small enterprise | 266.00 | 242.15 |
| Total Trade Payables | 2,269.11 | 2,143.59 |

Note 20: Other Current Liabilities & Other Financial Liabilities Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|---------------|-----------------|
| Current Maturities of Borrowings | 70.68 | 315.05 |
| Payables for Other Expenses | | |
| Payables for Related Parties | 320.56 | 1,490.70 |
| Payables for Others | 290.33 | 242.48 |
| Salaries Payable | 241.29 | 259.15 |
| Audit Fees Payable | 24.29 | 18.85 |
| Directors Remuneration Payable | 30.27 | 43.61 |
| Total Other Financial Liabilities | 977.43 | 2,369.83 |

Other Current liabilities Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|---------------|---------------|
| Statutory Remittances | 278.52 | 276.89 |
| Advance from Customers | | |
| Advances received from Related parties | 569.79 | 533.52 |
| Advances received from others | 19.87 | 19.68 |
| Total Other Current Liabilities | 868.18 | 830.09 |

Note 21: Revenue from Operations Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------------------------|-----------------|-----------------|
| Export Sales | - | 43.54 |
| Domestic Sales | 2,358.38 | 3,669.73 |
| Total Revenue from Operations | 2,358.38 | 3,713.27 |

Note 22: Other Operating Income Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|---------------|-----------------|
| Lease Rentals | 101.69 | 101.69 |
| Job Work Services | 850.62 | 930.33 |
| Fee for Providing Manufacturing Services | 30.51 | 30.51 |
| Total Operating Revenue | 982.83 | 1,062.53 |

Note 23: Other Income Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|------------------------------------|--------------|--------------|
| Sale of Scrap (Including RM Scrap) | 9.85 | 26.28 |
| Interest Income | 25.98 | 6.78 |
| Profit on sale of fixed asset | 0.69 | - |
| Total Other Income | 36.52 | 33.06 |

Note 24: Cost of Materials consumed Rs in Lacs

| Particulars | 31.03.2020 | 31.03.2019 |
|--|-----------------|-----------------|
| Raw Materials at the beginning of the year | 386.95 | 448.07 |
| Add: Purchases | 2,184.81 | 2,063.67 |
| Less: Self Consumption | (2.38) | (25.36) |
| Less: Closing Stock at the end of the year | 651.63 | 386.95 |
| Total Cost of Materials Consumed | 1,917.74 | 2,099.43 |

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

(Rs. in Lacs)

| Particulars | 31.03.2020 | 31.03.2019 |
|-----------------------------------|-----------------|---------------|
| a) Work in Progress | | |
| Opening Stock | 413.24 | 561.32 |
| Less: Self Consumption | - | (0.06) |
| Closing Stock | 593.48 | 413.24 |
| Net (Increase) / Decrease | (180.24) | 148.01 |
| b) Job Work Service Under Process | | |
| Opening Services | 47.98 | 49.20 |
| Closing Services | 94.45 | 47.98 |
| Net (Increase) / Decrease | (46.47) | 1.23 |
| c) Finished Goods | | |
| Opening Stock | 44.03 | 106.31 |
| Less: Samples | (0.67) | (0.59) |
| Closing Stock | 148.52 | 44.03 |
| Net (Increase) / Decrease | (105.16) | 61.69 |
| Total (a+b+c) | (331.87) | 210.93 |

Note 26: Employee Benefit Expenses

(Rs. in Lacs)

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------------------|-----------------|-----------------|
| Salaries, Wages & Benefits | 1,411.75 | 1,393.39 |
| Staff Welfare | 44.00 | 47.79 |
| Director's Remuneration | 52.32 | 52.52 |
| Total Employee Benefits | 1,508.06 | 1,493.70 |

Note 27: Finance Costs

(Rs. in Lacs)

| Particulars | 31.03.2020 | 31.03.2019 |
|----------------------------|---------------|---------------|
| Interest on ICD | 540.57 | 551.09 |
| Other Interest | 51.79 | 71.49 |
| Bank Charges | 0.42 | 1.21 |
| Total Finance Costs | 592.78 | 623.80 |

Note 28: Other Manufacturing Expenses

(Rs. in Lacs)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|-----------------|-----------------|
| Power & Fuel | 1,028.04 | 1,170.27 |
| Lab Expenditure | 70.92 | 73.68 |
| Repairs & Maintenance (Including Spares & Consumables) | 287.53 | 133.85 |
| Machinery Rent | 61.05 | 48.88 |
| ETP Maintenance | 147.47 | 8.74 |
| Manpower Charges | 110.19 | 144.18 |
| Total Other Manufacturing Expenses | 1,705.21 | 1,579.60 |

Note 29: Other Expenses

(Rs. in Lacs)

| Particulars | 31.03.2020 | 31.03.2019 |
|--------------------------------|---------------|---------------|
| Rent | 18.63 | 35.71 |
| Rates & Taxes | 104.39 | 37.70 |
| Insurance | 3.89 | 17.98 |
| Printing & Stationary | 16.51 | 10.38 |
| Communication Expenses | 18.96 | 29.10 |
| Consultancy & Legal Exp. | 38.97 | 45.92 |
| General Expenses | 15.26 | 17.60 |
| Security Service Charges | 62.82 | 53.03 |
| Directors Sitting fees | 5.55 | 6.45 |
| Auditors' Remuneration | | |
| Statutory Audit fee | 1.50 | 1.50 |
| Tax Audit fee | 1.00 | 1.00 |
| Internal Audit fee | 3.00 | 3.00 |
| Secretarail Audit fee | 1.55 | 1.50 |
| Travelling & Conveyance | 35.84 | 66.42 |
| Directors Travelling | 7.22 | 8.02 |
| Office Maintenance | 17.88 | 17.46 |
| Carriage Outward | 6.35 | 11.20 |
| Business Promotion Expenditure | 9.76 | 2.02 |
| Expected Credit Losses | 2.94 | 1.55 |
| Bad debts written off | - | 0.92 |
| Penalties/Liquidated Damages | 12.44 | - |
| Donations | 0.50 | - |
| Interest and Penalties | 7.52 | 4.95 |
| Prior Period Expense | 12.65 | - |
| Total Other Expenses | 405.11 | 373.41 |

NOTE- 30**Contingent Liabilities :**

The following contingent liabilities are not provided for.

(i) Income Tax: There are various demands raised by the Income Tax authorities amounting to Rs.336.18 lakhs (Previous Year Rs.358.44 lakhs) for which the company preferred appeals with CIT (A), ITAT, Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh.

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

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

NOTE- 31

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

NOTE- 32

Managerial Remuneration:

(Rs. in Lacs)

| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|-----------------------------------|------------------------------------|------------------------------------|
| Managing Director Avinash Ravi | | |
| ---- Remuneration | 42.02 | 42.22 |
| ---- Perquisites | 3.30 | 3.30 |
| ---- LTA | 3.50 | 3.50 |
| ---- Holiday Passage | 3.50 | 3.50 |
| Total | 52.32 | 52.52 |

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

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

Investing Parties having significant influence on the Company directly

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
Mr.Raj Kamal Prasad Verma - Independent Director
Mr.Satish Khivsara - Independent Director
Mr.G V L Prasad - Independent Director
Mrs.Malati Tangirala - Independent Director

Key Management Personnel :

Mr.S.Phanisrinath - CFO till 02.11.2019
Mr.R Ravibabu - CFO wef 30.04.2020
Ms.V Haritha - CS till 09.08.2019
Ms.B Taruni - CS wef 09.08.2019

Companies in which Directors relatives are Directors :

M/s.Ravi Agroceuticals Pvt Ltd

b) Aggregated Related party disclosures for the financial year 2019-20

i) Particulars of transactions during the year

(Rs. in Lacs)

| Nature of Transaction | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|------------------------------------|------------------------------------|
| a) Remuneration and Perquisites paid/ payable to Promoters/Promoters Group Avinash Ravi -Managing Director | 52.32 | 52.52 |
| b) Sitting Fees paid/payable to Directors | 5.55 | 6.45 |
| c) Remuneration paid/payable to to Key Managerial Persons CVRSN.Kumar | - | 0.65 |
| S.Phani Srinath | 1.00 | 6.05 |
| V.Haritha | 2.50 | 6.50 |
| B.Taruni | 4.88 | - |
| d) Transactions with Investing Parties having significant influence on the Company directly Ipca Laboratories ICD Received | 1,115.00 | - |
| Interest Paid/Payable on ICD | 486.52 | 489.81 |
| Purchases made (Including Taxes) | 989.27 | 829.88 |
| Sales and Services made (Including Taxes, Excluding Cash discount) | 4,025.56 | 5,605.73 |
| Advances received | 1,114.20 | 1,724.97 |
| e) Amount received Against Shares Issued to Promoters/Promoters Group IPCA Laboratories Limited | 1,178.20 | 1,440.58 |
| Dr.R.T.Ravi | - | 3.50 |
| Avinash Ravi | - | 319.45 |
| Hemalata Ravi | - | 401.73 |
| Ajay Ravi | - | 16.76 |
| Aditya Ravi | - | 1.59 |
| f) Amount received against Non convertible, Redeemable, Non-cumulative preference shares to Ipca Laboratories Ltd | 3,000.00 | - |
| g) Amount Received Against Share Warrants - Ipca Laboratories Ltd | 765.40 | - |
| h) Transactions with Promoters/Promoters Group Interest Paid/Payable to Avinash Ravi on Loan | 21.66 | 25.29 |
| i) Transactions with a Companies in which Directors relatives are Directors Amount paid/payable to Ravi Agroceuticals Pvt Ltd | 2.70 | 2.70 |
| TOTAL | 12,764.75 | 10,934.16 |

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

| Nature of Transaction | 31st March 2020 | 31st March 2019 |
|---|--------------------|--------------------|
| a) Amounts due from / (due to) Investing Parties having significant influence on the Company directly | | |
| Ipca Laboratories - Lease Deposit | (4,500.00) | (4,500.00) |
| Ipca Laboratories - ICD | (3,247.50) | (4,732.50) |
| Ipca Laboratories Ltd - Creditor | (631.33) | (146.64) |
| Ipca Laboratories Ltd - Debtor | 11.99 | 278.61 |
| Ipca Laboratories Ltd - Advances Received | (569.79) | (533.52) |
| Interest Payable to Ipca on ICD | (32.24) | (1,225.12) |
| Ipca Laboratories Ltd- Non convertible, Redeemable, Non-cumulative preference shares | (3,000.00) | - |
| b) Amounts due from / (due to) Promoters/Promoters Group | | |
| Avinash Ravi - Loan | (200.00) | (200.00) |
| Interest Payable to Avinash Ravi on Loan | (68.76) | (47.10) |
| Remuneration Payable to Avinash Ravi | (7.57) | (20.90) |
| Remuneration Payable to Dr.R.T.Ravi | (36.45) | (36.68) |
| Rent Payable to Hemalatha Ravi | (18.02) | (18.02) |
| Payable to Hemalatha Ravi (Against EARC Settlement) | - | (176.57) |
| Advances received from Avinash Ravi | (125.78) | (127.17) |
| Advances received from Hemalatha Ravi | (42.43) | (42.43) |
| Ajay Ravi - Creditor | (0.50) | (0.50) |
| Advances received from Aditya Ravi | (7.70) | (7.70) |
| Salary Payable to Ajay Ravi | (4.75) | (4.75) |
| Salary Payable to Aditya Ravi | (4.84) | (4.84) |
| c) Amounts due from / (due to) Companies in which Directors relatives are Directors | | |
| Rent Payable to Ravi Agroceuticals Pvt Ltd | (25.62) | (22.92) |
| TOTAL | (12,511.29) | (11,568.74) |

NOTE- 34

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

NOTE- 35**Calculation of earnings per share :**

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

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

(Rs. in Lacs)

| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|------------------------------------|------------------------------------|
| Profit after Tax | (301,428,289) | (213,321,596) |
| Closing equity shares outstanding (Nos.) | | |
| Opening equity shares outstanding (Nos.) | 16,630,586 | 13,744,286 |
| Add: Issued during the year (Nos.) | 1,370,000 | 2,886,300 |
| Closing equity shares outstanding (Nos.) | 18,000,586 | 16,630,586 |
| Weighted avg no. of shares outstanding (Nos.) (Basic) | 18,000,586 | 16,630,586 |
| Weighted avg no. of shares outstanding (Nos.) (Diluted) | 16,839,617 | 13,807,547 |
| Nominal Value of Equity Share | 10.00 | 10.00 |
| Basic EPS | (16.75) | (12.83) |
| Diluted EPS | (17.90) | (15.46) |

NOTE- 36

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

NOTE- 37

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

NOTE- 38

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

NOTE- 39

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

For For BHAVANI & CO

Chartered Accountants
Firm's Reg No: 012139S

Sd/-
CA S. Kavitha Padmini
Partner
M.NO.229966

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/-
B TARUNI
Company Secretary

Sd/-
R RAVIBABU
C F O

Place : Hyderabad
Date : 15.06.2020

Additional Notes

Movement of Inventory

(Rs. In Lacs)

| Particulars | Figures as at end of 31-March-2020 | Figures as at end of 31-March-2019 |
|---|------------------------------------|------------------------------------|
| Raw Materials including packing materials | 651.63 | 386.95 |
| Work in Progress | | |
| Phenylephirine | 250.22 | 89.48 |
| Simvastatin | 182.73 | 152.92 |
| Lovastatin | 69.24 | 87.75 |
| Sambam (RSS) | 88.75 | 80.45 |
| Others | 96.98 | 50.62 |
| Total Work in progress | 687.93 | 461.22 |
| Finished Goods | | |
| Phenylephirine | 10.80 | 0.60 |
| Simvastatin | 134.22 | 39.93 |
| Others | 3.50 | 3.50 |
| Total Finished Goods | 148.52 | 44.03 |
| Spares, Fuels and Consumables | 11.48 | 4.17 |
| Total Inventory | 1499.56 | 896.37 |

Movement of Intangible Assets

(Rs. In Lacs)

| Particulars | Gross Block | | | Gross Block | | | Net Block |
|---|-----------------------|---------------------------|------------------------|----------------------|--------------|------------------------|------------------------|
| | As at 1st April, 2019 | Additions during the year | As at 31st March, 2020 | Up to 1st April 2019 | For the Year | Up to 31st March, 2020 | As at 31st March, 2020 |
| Product Development expenses-Others | 184.71 | - | 184.71 | - | - | - | 184.71 |
| Product Development expenses-Serratio | 214.13 | - | 214.13 | 60.31 | 19.23 | 79.54 | 134.59 |
| Product Development expenses-Phenylephirine | 11.89 | - | 11.89 | 2.08 | 1.19 | 3.27 | 8.62 |
| Product Development expenses-RSS | 56.04 | - | 56.04 | 1.38 | 5.61 | 6.99 | 49.05 |
| Total | 466.77 | 0.00 | 466.77 | 63.78 | 26.02 | 89.80 | 376.97 |

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

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan is a non funded plan.

The following table summarizes the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet as per Actuarial Valuation.

| Particulars | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Current Service cost | 2,039,949 | 1,817,762 |
| Interest Expense | 1,293,079 | 1,138,953 |
| Past Service cost | - | - |
| Expected return on Plan Assets | - | - |
| Net Actuarial (Gain) / Loss recognized for the period | 769,566 | (20,909) |
| Expense recognized in statement of P&L a/c | 3,333,028 | 2,956,715 |
| Expenses recognised in Other Comprehensive Income | 769,566 | (20,909) |

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

| Particulars | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Opening fair value of plan assets | - | - |
| Adjustment to opening Fair Value of Plan Asset | - | - |
| Return on Plan Assets excluding Interest income | - | - |
| Interest Income | - | - |
| Contribution by Employer | - | - |
| Contribution by Employee | - | - |
| Benefits Paid | - | - |
| Fair Value of Plan Assets at the end | - | - |

Principal Actuarial Assumptions:

| Mortality | 2019-20 | 2018-19 |
|------------------------------------|-------------------------|-------------------------|
| | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Interest / Discount Rate | 6.14% | 7.56% |
| Rate of increase in compensation | 4.00% | 4.00% |
| Expected average remaining service | 9.97 | 10.60 |
| Employee Attrition Rate | PS:0 to 40:5% | PS:0 to 40:5% |

Fair Value Measurement

Financial instruments by category

(Rs. In Lacs)

| Particulars | As at end of 31-March-2020 | | | As at end of 31-March-2019 | | |
|------------------------------|----------------------------|--------|-----------------|----------------------------|--------|----------------|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| Financial Assets | | | | | | |
| Trade Receivables | | | 20.21 | | | 291.09 |
| Cash and cash equivalents | | | 17.43 | | | 1731.89 |
| Other Financial Assets | | | 8.17 | | | 194.76 |
| Total | | | 45.81 | | | 2217.74 |
| Financial Liabilities | | | | | | |
| Trade Payables | | | 2,269.11 | | | 2146.28 |
| Borrowings | | | 6,819.94 | | | 5337.76 |
| Others | | | - | | | - |
| Total | | | 9,089.05 | | | 7484.04 |

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

(Rs.)

| Ageing | < 30 days | 30 - 90 days | 90-180 days | 180-360 days | >360 days | Total |
|---|------------------|--------------|---------------|----------------|----------------|------------------|
| Gross carrying amount | 1,198,958 | - | 18,611 | 357,689 | 909,066 | 2,484,324 |
| Expected loss rate | - | 13.53% | 28.51% | 30.56% | 38.42% | |
| Expected credit losses (loss allowance provision) | - | - | 5,306 | 109,297 | 349,213 | 463,816 |
| Carrying amount of trade receivables (Net of impairment) | 1,198,958 | - | 13,305 | 248,392 | 559,853 | 2,020,508 |

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

(Rs. In Lacs)

| Ageing | 2019-20 | 2018-19 |
|--|---------------|---------------|
| Depreciation on PPE | 441.88 | 418.43 |
| Amortisation of Intangible Assets | 26.02 | 21.80 |
| Depreciation and Amortisation as per Statement of Profit and Loss | 467.90 | 440.23 |

Revenue (Ind AS 115)

a) Disaggregated revenue information

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

(Rs. In Lacs)

| Particulars | Curr.Year 2019-20 | Curr.Year 2018-19 |
|---|-------------------|-------------------|
| Type of goods or service | | |
| Sale of goods | | |
| Phenylephrine | 1,462.45 | 1,965.11 |
| Simvastatin | 848.41 | 1,713.25 |
| Sabam-RSS | 47.53 | 34.91 |
| Sale of Services | | |
| Sale of Services | 982.82 | 1,062.53 |
| Others | | |
| Other Operating revenue | 36.52 | 33.06 |
| Total revenue from contract with customers | 3,377.73 | 4,808.86 |
| India | 3,377.73 | 4,765.32 |
| Outside India | - | 43.54 |
| Total revenue from contract with customers | 3,377.73 | 4,808.86 |