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VALUE THROUGH BIOCHEMISTRY

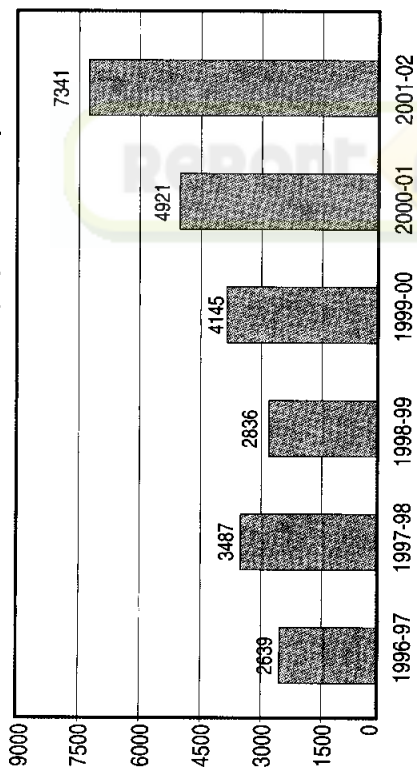
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ANNUAL REPORT

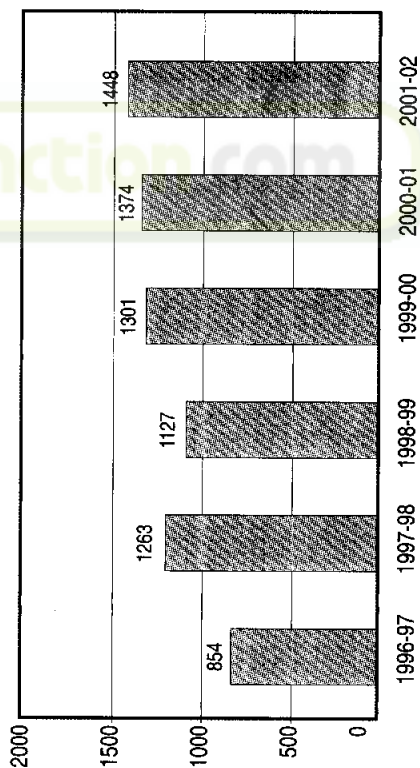
2005-2006

Krebs **KREBS BIOCHEMICALS LIMITED**

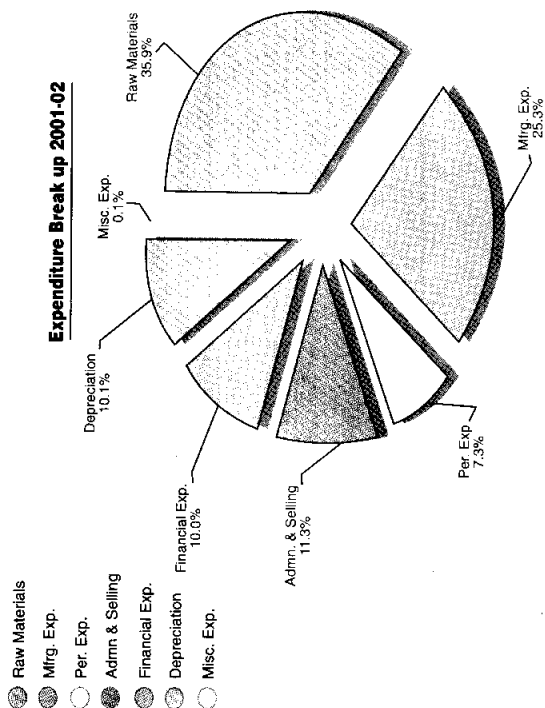
TURNOVER TREND (Rupees in Lakhs)



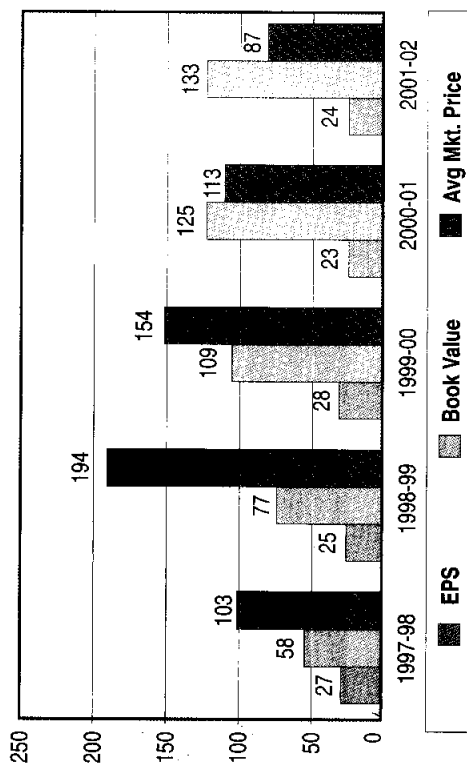
NET PROFIT TREND (Rupees in Lakhs)



Expenditure Break up 2001-02



VALUE OF SHARES (Value in Rupees)



**KREBS BIOCHEMICALS LIMITED**

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**KREBS BIOCHEMICALS LIMITED****BOARD OF DIRECTORS**

SRI M. VENKATARATNAM, Ph.D. IAS (Retd)	CHAIRMAN
SRI S. RAMACHANDRAN	IDBI Nominee
SRI G.V.L.PRASAD	Director
SRI T. KUCHROO, Ph.D	Director
SRI R. T. RAVI, Ph.D	Managing Director

COMPANY SECRETARY

SRI A.NARENDRA

BANKERS

ANDHRA BANK
Somajiguda Branch, Hyderabad - 500 004.

THE JAMMU & KASHMIR BANK LTD.,
J.N.Road Branch, Abids, Hyderabad - 500 001.

UTI BANK LTD.,
Begumpet Branch, Panjagutta, Hyderabad - 500 082

AUDITORS

M/s. G.P.ASSOCIATES
Chartered Accountants
105, 1st Block, 1st Floor, Divya Shakti Complex,
Ameerpet, Hyderabad - 500 016.

Value through Biochemistry

**KREBS BIOCHEMICALS LIMITED****MISSION STATEMENT**

Krebs Biochemicals Limited is committed :

- ❖ To be World-class, Research-driven Manufacturer of Bulk Drugs and Intermediaries to produce latest Quality Products.
- ❖ To add Ethical Value to the Business Practices and conduct business with Integrity.
- ❖ To serve Shareholders, Customers and Society at large.
- ❖ To operate in a Safe and Eco - friendly atmosphere.
- ❖ To be researching constantly seeking innovations.

CORPORATE VALUES

The overall philosophy of the Company is to be an ideal and model Corporate Citizen and hence takes on itself to carry out its business by following corporate practices like

- ❖ Good Corporate Governance.
- ❖ Transparency and honesty.
- ❖ Responsibility towards.

- a) Employees
- b) Shareholders
- c) Customers
- d) Suppliers and
- e) Society at large.



KREBS BIOCHEMICALS LIMITED

ABOUT THE COMPANY

Krebs Biochemicals Ltd (KBL) is a Biochemical Company engaged in the manufacture of Active Pharmaceutical Ingredients (API) through Fermentation process, one among very few in the world to do so.

KBL was incorporated in December 1991, and commenced its commercial operations at Unit I Regadichelika, Nellore facility in the year 1994 with an installed capacity of 60 TPA of Pseudoephedrine Hcl. KBL went to public with an IPO in March 1994 to part finance the project. KBL went on increasing its production capacity from this facility to 150 TPA by the year 1996 and the current manufacturing capacity is about 300 MT annually. Products manufactured from this facility are Ephedrine, Pseudoephedrine and their salts, which are used in the formulations for respiratory ailments, viz., cough, cold etc.

The Company has set up its second unit (Unit-II) at Kothapalli Village, Kasimkota Mandal in Visakhapatnam Dist. to manufacture a basket of fermentation products viz., Lovastatin, Simvastatin etc., (all cholesterol reducing agents) The Company has successfully launched Vitamin -C through fermentation process from this unit. The company is now producing and marketing Lovastatin, Simvastatin and Vitamin-C.

Right from the inception, KBL has adopted global agenda for its growth by focusing on its specific area of expertise "Fermentation Technology".

KBL is a Professionally Managed Company ensuring Good Corporate Governance with about 10000 shareholders spread across the Country, with shares listed on HSE, BSE & NSE.

Today, large proportion of KBL products are exported to advanced countries like USA, Germany and also to about 30 countries. This itself, is a testimony of the quality of our products. KBL's exports constitute more than 85% of sales and is one of the highest net foreign exchange earner in the pharma industry.

KBL follows current Good Manufacturing Practices (cGMP) as well as Good Business Practices.

KBL is also concerned about the safety of Human Resources and also our environment and adopted the necessary steps for protection of both.

During the year under review, the Company has successfully launched Vitamin C (I P grade) from Unit-II, Visakhapatnam through Fermentation Process.

The Company has received ISO 9002 Certification for Unit-I situated at Nellore from Yarsley International Certifications Services accredited by U.K.-United Kingdom Accreditation Services (U.K.A.S.).

The Company is focussing on the research and development of new biomolecules and genetically engineered products by synthetic and biological approaches and the R&D Centre of the company is situated at ICICI Knowledge Park, Turkapally, Shameerpet Mandal, Ranga Reddy - Dist.

KREBS BIOCHEMICALS LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Tenth Annual General Meeting of the members of KREBS BIOCHEMICALS LIMITED will be held on Saturday the 28th September 2002 at 11.00 A.M at Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073 to transact the following Business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2002, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Dr.T.Kuchroo, who retires by rotation and being eligible, proposed for re-appointment as a Director subject to retirement by rotation.
4. To appoint M/s G P Associates, Chartered Accountants from the conclusion of ensuing Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration. The following resolution may be considered:

"RESOLVED that M/s G P Associates, Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting".

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to fix the remuneration, out of pocket expenses and fees for other services of the auditors".

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to section 31 read with section 192A and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be and is hereby altered by way of addition of the following new Article No.84A after the existing Article No.84, under a separate heading "Passing of resolution by postal ballot":

Article No.84A : Passing of resolution by postal ballot.

"Notwithstanding any thing contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and /or other ways as may be prescribed by the Central Government or any other appropriate authority in this behalf in respect of the following matters, instead of transacting such business in a General Meeting of the Company:

- a) Any business that can be transacted by the Company in General Meeting; and
- b) Particularly, resolutions relating to such business as the Central Government or any other appropriate authority may by notification, declares to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government or any other appropriate authority in this regard."



KREBS BIOCHEMICALS LIMITED

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

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) and other applicable provisions if any, of the Companies Act, 1956, and in modification of the resolution passed at the Annual General Meeting held on 16th July 1997, the consent of the Company be and is hereby accorded to borrow any sum or sums of monies from time to time notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of Business) may exceed, the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purposes, provided however, the total amounts borrowed shall not exceed Rs.100.00 Crores (Rupees One Hundred Crores only), at any time."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the company hereby approves the re-appointment of Dr.R.T.Ravi as the Managing Director of the company for a period of 5 years with effect from 1st October 2002 on the terms of payment of remuneration at 5% of Net Profits of the Company calculated as per the provisions of Companies Act, 1956."

"FURTHER RESOLVED THAT, where in any financial year closing on or after 1st April 2002, the company has no profits or its profits are inadequate, the Company may pay to Dr.R.T.Ravi the following remuneration by way of salary, perquisites and other allowances except commission as minimum remuneration, the aggregate of which shall not exceed the limits specified under Part II of Section II, Schedule XIII to the Companies, Act 1956:

1. SALARY : Rs.1,00,000/- per month
2. PERQUISITES : Following perquisites are in addition to Salary and the perquisites shall be restricted to an amount equal to Rs.75,000/- per month.
 - i) House Rent Allowance not exceeding 50% of Salary.
 - ii) Medical Reimbursement : Expenses incurred for self & family subject to a ceiling of 1 month's salary in a year or 3 months' salary over a period of 3 years.
 - iii) Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
 - iv) Club Fees to a maximum of two clubs, excluding admission and life membership fees.
 - v) Personal Accident Insurance : premium not exceeding Rs.5000/- per annum
 - vi) Gratuity shall be calculated on half month's Salary for each completed year of service.
 - vii) Contribution to Provident fund as per the rules of the Company.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary and/or revise the remuneration of the Managing Director within the over all limits approved herein and settle any question or difficulties in connection therewith or incidental thereto."

Value through Biochemistry



KREBS BIOCHEMICALS LIMITED

"FURTHER RESOLVED THAT the Board of Directors and/or the Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the modifications / alterations, if any, suggested by the appropriate authority, consent of the Company be and is hereby accorded to alter the Objects clause of the Memorandum of Association of the Company by adding the following objects after the existing clause III(A) 4 thereof, numbering III(A) 5 to III(A) 8."

- III(A) 5. To purchase, grow sugarcane and manufacture sugar and allied products from sugarcane, sugar molasses and other substances or from any intermediary products thereof and to purchase, stock, process and use extracts of sugarcane, sorghum, maize, rice, sago, and any other starchy material and to setup, acquire and run manufacturing units for the above purposes.
- III(A) 6. To buy, sell, trade, exchange, export, import, act as agents, stockists, distributors and or otherwise deal in any other manner in all varieties of sugars including Khandsari and all other allied products, by-products, chemicals or other substances including spirits, molasses, jaggery, and similar sugar / starchy materials and in all kinds of organic chemicals or products manufactured there from or products used in their production and to do all other acts and things which are conducive to the attainment of the business aforesaid.
- III(A) 7. To carry on the business of brewers, Distillers and Manufacturer of and act as merchants and dealers in Molasses, Absolute Alcohol, Industrial Alcohol and Neutral Alcohol, Rectified Spirit, Denatured spirit, methylated spirit, ether, ethyl alcohol, gasohol and other organic chemicals derived from alcohol and spirit produced by use of sugarcane, molasses, sorghum, maize, rice, broken rice, barley, malt, tapioca roots wet or dry or any other starch and/or cellulose containing materials.
- III(A) 8. To generate, harness, develop, accumulate, distribute, transmit and supply electricity produced along with process steam by use of solid, liquid, gaseous fuels, biomass or any other renewable and/or non-renewable energy sources for the purposes of light, heat, motive power and for all other purposes for which electric energy can be employed and to consume in-house, transmit, distribute and supply such power either directly or through transmission lines and facilities of the State Electricity Board and to other consumers of electricity and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.

"FURTHER RESOLVED THAT Dr.R.T.Ravi, Managing Director and/ or the Company Secretary of the Company be and is hereby authorised to take all necessary steps for giving effect to this resolution."



KREBS BIOCHEMICALS LIMITED

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item 5 to 8 is annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such proxy need not be a member of the Company.**
3. The instrument(s) appointing the proxy, if any, shall be delivered at the Registered Office of the Company at Suit No.401-402, Cyber Heights, 4th Floor, Plot No.13, Road No.2, Banjara Hills, Hyderabad -500 033, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September 2002 to 28th September 2002 (Both days inclusive).
5. Dividend if declared, will be paid within the stipulated statutory period for payment of dividend to those members whose names appear on the Company's Register of Members as on 28th September 2002. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CDSL for this purpose.
6. The Company has already transferred all unclaimed dividend declared upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of Central Government) Rules, 1978. Members concerned may, therefore, submit their claims in the prescribed form, to the Registrar of Companies, Andhra Pradesh, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 001.
Pursuant to the provisions of the Section 205A and 205C of the Companies Act, 1956, any dividend for the financial year ended 31st March 1996 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996 or any subsequent financial years are requested to make their claim to the Company.
7. Members are requested to bring their copy of Annual Report to the Meeting.
8. Item No.5 and Item No.8 of the Notice of Annual General Meeting, requires the approval of members by following Postal Ballot procedure, for which relevant postal Ballot papers are enclosed.
9. Members desirous of having any information regarding Accounts are requested to address their queries to the Dy. General Manager (Finance & Accounts) at the Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information shall be made available at the meeting.

Place : Hyderabad
Dated : 29th July 2002

by order of the Board
For KREBS BIOCHEMICALS LTD
Sd/-
(A.NARENDRA)
COMPANY SECRETARY