

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 Ipcalaboratories 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.