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Kabra

◈ 17TH ANNUAL REPORT 2005-2006 ◈

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OF

KABRA DRUGS LIMITED

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KABRA DRUGS LIMITED

BOARD OF DIRECTORS

1. Shyam Kabra	Chairman and Managing Director
2. Shashi Bapat	Director
3. M.Raghuwanshi	Director

◈ AUDITORS ◈

M/s. Agrawal Jhawar Associates
Chartered Accountant

◈ BANKERS ◈

Bank of Baroda

◈ REGD OFFICE & WORKS ◈

26,Sector "A" Sanwer Road,Industrial Area,
INDORE – 452 003

◈ LISTING ◈

Bombay Stock Exchange, Mumbai

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KABRA DRUGS LIMITED

DIRECTOR'S REPORT

To,

The Members,

Kabra Drugs Limited.

Your Directors are presenting their ~~Eighteenth~~ Seventeenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2006.

FINANCIAL PERFORMANCE

		Rs. In Lacs
	31/03/2006	**31/3/2005**
Profit (Loss) before Interest, Tax and Depreciation	12.11	(2.97)
Depreciation	25.55	25.55
Total	**(13.44)**	**(28.52)**
Interest	-	-
Extraordinary Item (Net Gain)	877.58	-
Net Surplus	864.14	(28.52)
Add: Profit/Loss brought forward from previous year	(1063.61)	(1035.09)
Balance carried to balance Sheet	(199.48)	(1063.61)

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COMPANY'S PERFORMANCE

The Company's overall performance for the year under review was not satisfactory. The turnover increased to Rs. 67.38 Lacs against Rs. 66.35 Lacs. Operational profit (EBIDTA) was Rs. 12.11 lacs against a –ve EBIDTA of 2.97 lacs in the previous year. The net surplus carried to the Balance Sheet was on account of a net gain of Rs.877.58 lacs from settlement with lenders

DIVIDENDS

In view of losses directors are unable to recommended any dividend.

DIRECTORS

1. Shri Shashi Bapat who retire in the forthcoming Annual General Meeting by rotation and being eligible offers himself for re – appointment-
2. Shri M. Raghuwanshi who retires in the forthcoming annual General Meeting by rotation and being eligible offers himself for re – appointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Director report in compliance with Section 217(2AA) of the companies Act, 1956.

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i) That in the preparation of the annual accounts the applicable accounting standards have been followed and that no material departures have been made from the same.

ii) That they have selected such accounting polices and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the affairs of the company as at 31st March 2006 and of the profits of the company of the period form 1st April, 2005 to 31st March, 2006

iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the companies act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv) That they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s, Agrawal Jhawar Associates, Chartered Accountant, retire as Auditors of the Company at the end of this Annual General Meeting. And being eligible for re – appointment until the conclusion of next annual general meeting and to fix their remuneration your directors recommended their appointment.

FIXED DEPOSITS

The Company did not accept any deposit from public during the year.

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DATE OF DIRECTORS MEETING

Four meetings were held during the year on dt. 29.07.2005, 28.10.2005, 28.01.2006 and 28.04.2006.

STOCK EXCHANGE

The companies share are Listed at Bombay Stock Exchange Ltd. but trading has been suspended. Steps are being taken to get the suspension revoked by complying with the condition of the Listing Agreement.

SHARE TRANSFER PROCESS

Share Transfer works is carried out in house by the department as the Registered Office at 26 – A Sanwer Road, Industrial Area, Indore.

INDUSTRIAL RELATIONS

The Company continued to maintain harmonious and cordial relations with its workers in all its divisions.

AUDITORS' OBSERVATIONS

The observations of Auditors as referred to in the Auditors Reports are suitably explained in notes to the Accounts.

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KABRA DRUGS LIMITED

PERSONNEL

During the year there was no employee drawing remuneration in excess of the ceilings provided under Section 217 (2 – A) of the Companies Act. 1956 read with Companies (Particulars of employees) Rule, 1975.

SETTLEMENT WITH LENDERS

Your Company has finally turned the corner and has decided to revitalize itself. We have entered into an OTS with both the Banks viz.Dena Bank and Bank of Baroda, while Dena Bank has been paid off in full, Bank of Baroda would be paid off in full during the current year. There was a net gain of Rs.877.58 Lacs on account of the OTS with the Banks. Further the assistance of Rs.150 lacs from ICICI under the USAID Scheme was written off since the R&D for development of anti cancer drugs could not be commercialized.

ENERGY CONSERVATION MEASURES TECHNOLOGY ABSORPTION AND R & D EFFORTS

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies Disclosure of particulars in the reports of Board of Director Rules. 1988 with respect to these matters is appended hereto and forms part of this report.

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ACKNOWLEDGMENTS

The directors wish to thank the Government Authorities, Financial Institutions. Bankers, other Business Associates and Shareholders for the cooperation and encouragement extended to the Company. The Director also place on record their deep Appreciation for the contributions made by the employees at all levels.

Place: INDORE

Date: 27/06/2006

for and on behalf of the Board

SHYAM KABRA
CHAIRMAN AND
MANAGING DIRECTOR

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KABRA DRUGS LIMITED

ANNEXURE

Companies (Disclosed of particulars in the reports of board of director) rules, 1988.

A. Conservation of Energy

a.	Energy Conservation measures take.	Nil
b.	Additional investments and proposals being implements for reduction of consumption of energy.	Nil
c.	Impact of above on energy consumption	Nil
d.	Total energy consumption	As per Form – A Annexed

B. Technology Absorption Form "B"

Research and Development (R & D)

1.	Specific areas in which R & D Carried out by the Company	:
2.	Benefits Derived as a result of above.	:
3.	Future plan of action	:
4.	Expenditure on R & D	:

Technology absorption, adaptation innovation.

Efforts made towards technology absorption adoption and innovation and benefits derived as a result thereof.	Nil
Information regarding important Technology	Nil

C. Foreign Exchange Earnings & Outgo.

1.	Export Activities	Nil
2.	Total foreign exchange earned & outgo.	Nil
	a) Earrings	Nil
	b) Outgo (Rs.)	

Technology absorption, adaptation innovation.

Form – "A"

(See Rules – 2)

Form for Disclosure of particulars with respect to conservation of Energy

A	Power & Fuel Consumption	31/03/2006	31/03/2005
	Electricity		
	Purchased Units	**156250**	146274.00

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Total Amounts (Rs.)	**1189055.00**	1064971.00
Rate / Unit (Rs.)	**7.64**	**7.25**
Own Generation		**Nil**

1. L. D.O

a)	Quantity (in Litres)	**400**	**200**
b)	Amount (Rs)	13370.00	6054.00
c)	Rate Per Unit (Rs.)	34.00	31.00

B. Consumption per unit of Product

Since the Company manufactures different types of ether, Derivatives and pharmaceutical Formulations, it is not practicable to give consumption per unit of production.

Place : INDORE

Date : 27/06/2006.

For and on behalf of the Board

SHYAM KABRA
Chairman and
Managing Director

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ANNEXURE TO THE DIRECTORS' REPORTS ON CORPORATE GOVERNANCE

1. **Company philosophy**

The company's philosophy on code of Corporate Governance in based on attainment of high level of transparency, accountability, and adequate disclosures and economic value addition. The Company initiated the process of implementation of good corporate Governance in April 2003.

2. **Board Of Director**

As per Listing Agreement, the Board should have an optimum combination of executive non-executive Directors with not less than 50% of the Board of non-executive Directors. In case of a non-executive Chairman, at least one – third of the Board should consist of independent Directors and in the case of an executive Chairman; at least half of the Board should independent Directors.

The Board of Director of the Company consists of two Non – executive Directors as on 31st march, 2006. During the year, Four meetings of the Board of Director of the Company were held on 29.07.2005, 28.10.2005, 28.01.2006 and 28.04.2006. The maximum interval between any two meetings was 90 days.

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The particulars of the Directors and the Company attendance at the Board Meeting during the year and the last Annual General Meeting as also number of other directorship and committee membership as on are as follows :

Name of the Directors	Category	NO./ of Board meetings attended	Attendance in last AGM	No. of other Directorship	Committee Membership	
					Chairman	Member
1. Shyam Kabra	Chairman	4	YES	NIL	One	Two
2. Sashi Bapat	Independent Director	4	YES	NIL	One	Two
3. M. Raghuvanshi	Independent Director	4	YES	NIL	One	Two

3. **Audit Committee**

The company has instituted Audit Committee according to the provisions of Section 292 A of the Companies, Act, 1956 & Clause 49 of the listing agreement, Board of Director appointed Mr. Sashi Bapat and M. Raguvanshi as members of the Audit Committee under the Chairmanship of Mr. Shyam Kabra. The terms of reference to the Audit Committee are as follows.

I. Review with the Auditors periodically about internal control system, the scope of audit including observation of the auditors,

II. Review of the half – yearly and annual financial statements before submission to the Board.

III. Investigation into any matters in relation to the items specified in Section 292 A or Clause 49 of the Listing

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Agreement of referred to it by the board,

During the year four Meeting of the Audit Committee were held on 29/07/2005, 28/10/2005/, 28/01/2006 and 28/04/2006.

Name of Director		Meeting Held	No. of meeting attended
1.	Shyam Kabra	4	4
2.	Sashi Bapat	4	4
3.	M. Raghuwanshi	4	4

4. **Managerial Remuneration**

A remuneration Committee was formed for recommending remuneration of executive directors. All the members of the committee are Non – Executive and independent Directors.

Remuneration policy is to pay on economical basis. Individual performance pay is determined by business performance and the performance of the individuals measured through annual appraisal process. The Company pays remuneration by way of salary and perquisites to its managing director. It is also making contribution to Provident Fund, Super Annuation fund or annuity Fund as per Companies rule.

The terms of reference of the remuneration Committee, Inter alia. Include determination of compensation package of executive directors and to investigate any activities within the terms of reference, etc. The Committee also overseas the employee stock option scheme and recommends the same for the approval of the Board / shareholders. The Committee is empowered to decide the edibility of the category of employees and the terms and conditions of grants to be extended.

The remuneration policy of the Company is Broadly Based on the flowing criteria.

a) Job responsibilities

b) Key Performance areas of the employees / directors

c) Industry Trend

d) Remuneration packages in other comparable companies for comparable positions.

During the year, the Committee met on two occasions with full attendance of all three members. The compensation of remuneration Committee is as follows.

I. Shyam Kabra

II. Sashi Bapat

III. M. Raghuvanshi

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DETAIL OF REMUNERATION FOR THE YEAR 2005 – 2006

Sr. No	Name	Salary of the year	Perquisites (Computed under IT Act)
1.	Shyam Kabra	1,80,000	Nil

Shareholders and Investor's Grievance Committee

The Shareholder and investors Grievance Committee has been redressed of investors complaints. There were constituted by the Board during the year to look into the redressed of investor's complaints pending for reply as on 31st March 2006 and no share transfers were pending for registration as on the said date. The committee had no occasion to meet during the years 2005 – 2006.

5. GENERAL BODY METTING

YEAR	VENUE	DATE	TIME
2003-2004	Plot No.26, Sector A	30.09.2003	10.00 AM
2004-2005	Sanwer Road, Industrial Area,	30.09.2004	10.00 AM
2005-2006	Indore	30.09.2005	10.00 AM

6. DISCLOURE

I) During the year under review, besides the transactions reported elsewhere in the Annual Report there were no other related parities, transaction viz, promoter Directors or the Management, their subsidiaries or relatives that had a potential conflict with the interest of the Company at large,

II) No. Penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the period under review.

7. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board,

8. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date September 20, 2006

Time 10.00 A.M.

Venue Plot no. 26, Sector A Sanwer Road, Industrial Area, Indore

Financial Calander 2005-2006

1. First Quarter Results 30.06.2005

2. Second Quarter Results 30.09.2005

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