

Krebs Biochemicals & Industries Limited



**18th Annual Report
(2009-2010)**

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Company Information

Board of Directors

Dr. R.T.Ravi	Chairman & Managing Director
Mrs. Sangeetha Sharma	Nominee Director - Export Import Bank of India
Mr. S.Ganesh	Nominee Director - IDBI Bank Limited
Mr. M.Venkateswara Rao	Nominee Director - A P I D C
Dr. Naresh Kumar	Nominee Director - Ranbaxy Laboratories Ltd
Dr. T.Kuchroo	Director
Mr. G.V.L.Prasad	Director
Mr. Avinash Ravi	Director & Chief Operating Officer

Bankers

- ☛ Andhra Bank
- ☛ The Jammu & Kashmir Bank Ltd
- ☛ United Bank of India
- ☛ Industrial Development Bank of India
- ☛ Export Import Bank of India
- ☛ Syndicate Bank

Auditors

M/S Pavuluri & Co

Chartered Accountants

#105, 1st Block, 1st Floor

Divyashakti Complex

Ameerpet, Hyderabad - 500 016

Registered Office	Registrars & Transfer Agents
<p>Krebs Biochemicals & Industries Ltd #8-2-277/A, 4A, 4th Floor Inwinex Towers, Plot No: 130 Road No:2, Banjara Hills Hyderabad - 500 034 Tel : 040-44707777 / 7766 Fax : 040-44707755 E.mail : Krebs@krebsbiochem.com Website : http://www.krebsbiochem.com</p>	<p>Sathguru Management Consultants Pvt. Ltd Plot No:15, Hindi Nagar, Panjagutta Hyderabad - 500 034 Tel : 040-23356507/0586/6975 Fax : 040-40040554 E.mail : sta@sathguru.com</p>



Notice for the 18th Annual General Meeting of the Company

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Monday, the 16th day of August, 2010 at 11.30 a.m. at Surana Udyog Auditorium, Federation Building, FAPCCI, Red Hills, Hyderabad-500004 to transact the following business:

Ordinary Business

1. To consider and if thought fit, to adopt the audited Balance Sheet as on 31st March, 2010 and Profit & Loss A/c for the year ended on that date along with the report of the Board of Directors and Auditors thereon;
2. To consider and appoint Mr. Avinash Ravi Director who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and appoint Mr. T. Kuchroo, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and approve the appointment of Statutory auditors M/s. Pavaluri & Co, Chartered Accountants to hold office from the conclusion of 18th Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration as may be fixed by the Board of Directors.

Place: Hyderabad
Date: 21.07.2010

For and on behalf of the Board
Sd/-
(Dr. R.T.Ravi)
Chairman & Managing Director

Notes:

- A Member entitled to attend and vote at the meeting can appoint a proxy to attend and vote on his behalf at the meeting. The proxy need not be a member of the company.
- The Proxy form must be received by the company at its registered office atleast 48 hours before the scheduled time of the meeting to be accepted.
- Transfer registers and register of members shall remain closed from 09-08-2010 to 16-08-2010

18th Annual Report



Directors Report :

Dear Members,

Your Directors have the pleasure in presenting the 18th Annual Report together with the Audited Accounts of your company for the year ended March 31, 2010.

Financial Results :

Rs. in lacs

Particulars	2009-10	2008-09
Net Sales	4,623.38	5,119.78
Other Income	2.91	3.82
Total Income	4,626.29	5,123.60
Expenditure	4,208.28	4,391.45
PBDIT	418.01	732.15
Obsolete Stocks Written off	NIL	3,532.09
Loss on Sale of Assets	207.94	NIL
PBDIT (after Extra Ordinary Items)	210.07	(2,799.94)
Finance Charges	690.23	599.81
Depreciation	987.88	954.10
Profit / (Loss) before Tax	(1,468.04)	(4,353.85)
Deferred Tax Asset	901.25	93.36
Fringe Benefit Tax	NIL	2.31
Net Profit / (Loss) after Tax	(566.79)	(4,262.80)
Prior period adjustments	7.90	1.46
Profit after prior period adjustments	(574.69)	(4,264.26)
Add : Balance brought forward	(7,259.18)	(2,994.92)
Balance Carried to balance sheet	(7,833.87)	(7,259.18)

Overall Performance :

The Turnover of the company during the Financial year 2009-10 has come down by 9.70% compared to previous year. This reduction is mainly on account of the fact that there were no revenues from Unit I combined with reduction in sales of Lovastatin. The bottom line i.e. gross contribution remained constant owing to cost control measures implemented during the year.

Dividend :

No Dividend is proposed to be declared for the financial year 2009-10.

Taxation :

No Income Tax is applicable for the financial year under review. There is no provision for Fringe Benefit Tax as it has since been withdrawn.

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Equity Capital:

The equity capital remains unchanged during the Financial Year 2009-10.

Board of Directors :

Dr T Kuchroo Independent Director and Mr Avinash Ravi Whole time Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. K.S.S. Prasad, Nominee Director, Small Shareholders submitted his resignation as Director due to his personal reasons. The Board accepted the resignation after acknowledging and thanking him for his valuable contribution to the working of the Board and the Company.

Directors Responsibility Statement :

Your Directors confirm in terms of Sec 217(2AA) of the Companies Act, 1956 on the basis of the documents and information available to them that:

- a) There has been no material departure from accepted accounting standards in the preparation of financial statements presented to you.
- b) The Directors have chosen only accepted accounting policies and have applied them consistently. The judgements and estimates made by them are prudent and reasonable to give a true and fair view of the state of affairs of the company as on 31st March, 2010 and of the results of operations for the financial year.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the requirements of the Companies Act, 1956 and to safeguard the assets of the company and to prevent and detect any irregularities and frauds.
- d) The accounts presented are prepared on a going concern basis. The properties and assets of your company are adequately covered by insurance policies.

Auditors:

M/s Pavuluri & Co, Chartered Accountants are the Statutory Auditors of the company and they retire at this Annual General Meeting and being eligible offer themselves for reappointment.

Management Discussion and Analysis :

A report on the Management Discussion and Analysis is provided as part of this Annual Report.

Corporate Governance and Shareholders' information:

A report on Corporate Governance is provided as part of this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange:

Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I attached and forms part of this Report.

Employee Relations:

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The Directors are happy to report that the company has cordial relations with its employees. In spite of many difficulties, the employees have been cooperating with the management and enthusiastically offering their services as required by the management. Your Directors extend thanks to all of them.

Human Resources:

None of the persons employed during the financial year under review is required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Social Responsibility :

As a responsible partner of society your company continues to participate in social welfare activities in the villages with in the vicinity of its operating units. Primary Education, local health and eradication of Child Labour are the key areas that we support in this ongoing effort.

Acknowledgement:

We extend our appreciation and thanks to our customers, suppliers and investors for their support. We are also grateful for the continued cooperation extended by the Financial Institutions, Banks and Government Authorities. The Board is most appreciative of the dedication and commitment extended by its employees at all levels and their contribution to the company.

For and on behalf of the Board of Directors

Sd/-

(Dr. R.T.RAVI)

Chairman & Managing Director

Place : Hyderabad

Date : 21.07.2010

Annexure - I

Information under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors Report.

Form - A

Form for disclosure of particulars with respect to conservation of energy

(a) Measures Implemented:

Unit - I (Nellore)

- 1) Installation of 125 KVA DG set
- 2) Installation of VFD System for cooling tower pumps.
- 3) Installation of electronic timer based switching device in street lights.

Unit - II (Anakapalli)

The energy conservation measures taken up during the year 2009-10 resulted in significant energy savings.

(b) Measures proposed for energy conservation :**Unit - I (Nellore)**

- 1) Planning to provide VFD system for new process reactors thereby power consumption and process times will be reduced.
- 2) Capacitor banks will be installed to improve power factor.
- 3) Cold sumps and Brine distribution lines have to be modified to minimise the running hours of chillers.
- 4) Installation of 150 TR Voltas make green chiller, which consumes 25% less energy / TR of chilling.

Unit - II (Anakapalli)

- 1) Introduction of Oxygen analyser in the Flue gas path of high pressure boiler to conserve imported coal.
- 2) Chilled water, brine lines to be reinsulated with Nitrile rubber insulation to minimise the thermal energy losses.
- 3) Implementation of MEES(Multiple Effecting Evaporating System) in to operation.
- 4) Proposed to recover condensate from Steam Ejector Systems in all production blocks.
- 5) Introduction of additional capacitor banks at designated places to improve power factor.

(c) Impact of the above measures..**Unit - I (Nellore)**

The implementation of energy conservation measures taken up results in significant energy savings.

Unit - II (Anakapalli)

Estimated savings for the ensuing financial year 2010-11 will be around Rs.30.00 lacs

(d) The Total Energy Consumption :

	PARTICULARS	2009-10	2008-09
1)	Power		
a)	Purchased		
	Units	2,00,500	10,25,488
	Amount (Rs.in lacs)	12.50	54.15
	Rate per unit	6.23	5.28
b)	Own Generation		
i)	Units generated through DG Set	1,73,627	2,32,832
	Amount (Rs.in lacs)	19.45	27.50
	Rate per unit	11.20	11.81
ii)	Units generated through TG Set	168,82,800	193,45,400
	Amount (Rs.in lacs)	880.18	1,188.76
	Rate per unit	5.21	6.15
2)	Coal Consumption in MT's	27,963	32,258
	Amount (Rs.in lacs)	847.59	1,203.56
	Rate per M T Rs.	3,031.11	3,731.00
3)	Furnace Oil Consumption in KL's	NIL	18.70
	Amount (Rs.in lacs)	NIL	3.45
	Rate per KL Rs.	N.A.	18,446

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Consumption per Unit of Production :

Since the company manufactures different types of Active Pharmaceutical Ingredients and Intermediates, it is not practicable to give consumption per unit of production.

Form - B

Form for disclosure of particulars with respect to technology absorption

A. Research and Development :

Specific areas in which R & D was carried out by the company	Process Development of Active Pharmaceutical Ingredients, Intermediates and Fine Chemicals.
Benefits derived from above R & D Efforts.	Developed new products and achieved cost and process efficiencies on existing products.
Future plan of action	To stabilise the process for new products and intermediates.

Rs in Lacs

Expenditure on R & D	2009-10	2008-09
Capital Expenditure	NIL	NIL
Revenue Expenditure	6.97	16.07
Total Expenditure	6.97	16.07
Total R & D Expenditure as % of Turnover	0.15	0.31

B. Technology Absorption, Adoption and Innovation:

Efforts in brief towards technology absorption and adoption	The company has its own R&D operations working on process development and improvement for both New Products and its existing Products. The developments are implemented in its plants.
Benefits derived	The company constantly executing process developments for its products range. Having expertise in Biotechnology we are implementing various green chemistry initiative reducing the use of hazardous chemicals and reactions. It also minimises waste generation reduces costs.
Information with regard to import of technology during last 5 years	There is no import of technology in the last 5 years.

18th Annual Report**Form - C****Foreign Exchange Earnings and Outgoings :**

Rs. in lacs

Particulars	2009-10	2008-09
a) Value of Imports on CIF Basis		
Import of Raw Materials	---	NIL
Stores & Spares	7.92	2.50
Capital Goods	17.75	NIL
b) Expenditure		
Travelling	1.10	NIL
Consultancy Fees	2.31	NIL
Product Development	68.50	NIL
c) Earnings in Foreign Exchange		
FOB Value of Exports	254.14	226.52
FOB Value of Plant & Machinery	841.30	NIL

For and on behalf of the Board of Directors

Sd/-

Place : Hyderabad

Dr. R.T.RAVI

Date : 21.07.2010

Chairman & Managing Director