



**KABRADRUGSLIMITED**

CIN-L02423MP1989PLC005438

21<sup>st</sup> August, 2018

To,  
Listing Department  
BSE Limited  
Department of Corporate Affairs  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai - 400001

Subject: Submission of Annual Report (2017-18) as per Regulation 34(1) of SEBI (LODR) Regulations, 2015.

Reference: Scrip Code-524322

Dear Sir/Madam,

With reference to above cited subject we are enclosing herewith 29<sup>th</sup> Annual Report of Kabra Drugs Limited, approved and adopted in Annual General Meeting of the Company held on 11<sup>th</sup> August, 2018.

You are requested to please take the same on your records.

Thanking you,  
Yours truly,  
For Kabra Drugs Limited

Shyam Kabra  
Managing Director  
Din: 00760020

REGD OFFC: SHOP NO. 270, SHASTRI MARKET, INDORE M.P.  
PHONE NO 0731-4247626

Email - [kabradrugs@rediffmail.com](mailto:kabradrugs@rediffmail.com), website- [www.kabradrugsltd.com](http://www.kabradrugsltd.com)



KABRA DRUGS LIMITED

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**KABRA DRUGS LIMITED**

**29<sup>TH</sup>**

**ANNUAL REPORT**

**2017-2018**



# KABRA DRUGS LIMITED

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## ◆Board of Directors◆

Mr. Shyam Kabra  
Mrs. Snehlata Gadiya  
Mr. Bharat Dewda  
Mr. Arvind Hirve

Chairman and Managing Director  
Additional Director  
Additional Director  
Additional Director

## ◆Company Secretary◆

Ms. Nikita Vijayvergiya

## ◆Auditors◆

M/s. Ashok Khasgiwala & Co.  
Chartered Accounts

## ◆REGD OFFICE & WORKS◆

270 Shastri Market  
INDORE – 452 007

## ◆Registrar & Transfer Agent◆

M/s Ankit Consultancy Pvt.ltd.  
Plot no. 60 Electronics Complex ,  
Pardeshipura ,  
Indore – 452010

**CIN: L02423MP1989PLC005438**

Website: [www.kabradrugsltd.com](http://www.kabradrugsltd.com)

Email: [kabradrugs@rediffmail.com](mailto:kabradrugs@rediffmail.com)



# KABRA DRUGS LIMITED

## NOTICE

Notice is hereby given that the **29<sup>th</sup> Annual General Meeting** of the Members of Kabra Drugs Limited, will be held at 270 Shastri Market, Indore – 452 007 on Saturday the 11<sup>th</sup> August, 2018 at 11:00 A.M., to transact the following business: -

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shyam Kabra (DIN 00760020), who retires by rotation and being eligible offer herself for re-appointment, and in this regard, pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Shri Shyam Kabra (DIN 00760020) who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of section 139, 141 and all other applicable provisions of Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 ( including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) the Companies auditors **M/s. Ashok Khasgiwala Co. (FRN: 000743C)**, Chartered Accountants who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting and being not eligible for re-appointment as their term has completed. Further Pursuant to the provision of section 139 of Companies Act, 2013, **M/s. Shweta Agrawal & Co. (FRN: 019751C)**, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this 29<sup>th</sup> Annual General Meeting till the conclusion of the 33<sup>th</sup> Annual General Meeting of the Company, as per the provisions of the Companies Act, 2013 on such remuneration as may be agreed upon between the Board of Directors or any Committee thereof and the Statutory Auditors.”

### SPECIAL BUSINESS:

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Bharat Dewda (DIN 08137846), who was appointed as an Additional Director w.e.f. 30<sup>th</sup> May, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who hold office upto this Annual General Meeting and in respect of whom Company has received notice under Section 160 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-



## KABRA DRUGS LIMITED

enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Snehlata Gadiya (DIN 02027009), who was appointed as an Additional Director w.e.f. 30<sup>th</sup> May, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who hold office upto this Annual General Meeting and in respect of whom Company has received notice under Section 160 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Arvind Hirve (DIN 08156008), who was appointed as an Additional Director w.e.f. 10<sup>th</sup> July, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who hold office upto this Annual General Meeting and in respect of whom Company has received notice under Section 160 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years.

**By Order of the Board  
For Kabra Drugs Limited**

**Date: 10<sup>th</sup> July, 2018  
Place: Indore**

**Nikita Vijayvargiya  
Company Secretary**

### **NOTES:**

1. A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received by the company not less than 48 hours before the commencement of this meeting. Members/ proxies should bring their attendance slip duly filled in order to attend the meeting. A person can act as proxy on behalf of members' not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company.
2. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereunder and forms part of the Notice.
3. Brief resume of Directors including those proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36(3) of the SEBI (LODR) Regulations, 2015.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Register of the Company will remain close from Sunday, August 05, 2018 to Saturday, August 11, 2018 (both days inclusive).
6. Shareholders desiring any information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
7. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
8. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.



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9. The shareholders are hereby informed that all the correspondence in connection with the shares is addressed to the Registrar & Share Transfer Agent M/S Ankit Consultancy Pvt. Ltd., at Plot no. 60, Electronic Complex, Pardesipura, Indore-452001.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Ankit Consultancy.
11. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Ankit Consultancy, for consolidation into single folio.
13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the Concerned Depository Participant and holdings should be verified.
14. Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
15. Electronic copy of the Notice of the 29<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 29<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of E-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website at [www.kabradrugsltd.com](http://www.kabradrugsltd.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours (11.00 A.M. to 5.00 P.M.) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post. For any communication, the shareholders may also send requests to the Company's investor email id: [kabradrugs@rediffmail.com](mailto:kabradrugs@rediffmail.com).
17. E- voting

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place





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other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

### **The instructions for shareholders voting electronically are as under:**

- The remote e-voting period commences on 08<sup>th</sup> August, 2018 (9:00 am) and ends on 10<sup>th</sup> August, 2018 (5:00 pm). During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 04<sup>th</sup> August, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Depository Participants(s)]:
  - (i) Open email and open PDF file viz; (“remote e-voting.pdf”) with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.  
*NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file “remote e-voting.pdf”.*
  - (ii) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/>.
  - (iii) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
  - (iv) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
  - (v) Your User ID details will be as per details given below :
    - a) For Members who hold shares in demat account with NSDL: 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*).
    - b) For Members who hold shares in demat account with CDSL: 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*).
    - c) For Members holding shares in Physical Form: EVEN Number followed by Folio Number registered with the company (For example if folio number is 001\*\*\* and EVEN is 101456 then user ID is 101456001\*\*\*).
  - (vi) Your password details are given below:
    - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
    - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need enter the ‘initial password’ and the system will force you to change your password.
    - c. How to retrieve your ‘initial password’?
      - i. If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.



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- ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
- (vii) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- (viii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- (ix) Now, you will have to click on "Login" button.
- (x) After you click on the "Login" button, Home page of e-Voting will open.

Step 2 : Cast your vote electronically on NSDL e-Voting system.

- i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- ii) After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- iii) Select "EVEN" of the Company.
- iv) Now you are ready for e-Voting as the Voting page opens.
- v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- vi) Upon confirmation, the message "Vote cast successfully" will be displayed.
- vii) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail ([cs.shubham@gmail.com](mailto:cs.shubham@gmail.com)) to with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  - The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date (record date) **04<sup>th</sup> August, 2018**
  - *NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).*  
*In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).*  
*In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).*
  - You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **04<sup>th</sup> August, 2018**.





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- Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. **04<sup>th</sup> August, 2018**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or (Company/RTA email id) However, If you are already registered with NSDL, for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot user Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no: 1800-222-990.
- 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- The Chairman shall, at the AGM/ EGM/ EOGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “remote e-voting” or “Ballot Paper” or “Poling Paper” for all those members who are present at the AGM/ EGM/ EOGM but have not cast their votes by availing the remote e-voting facility.
- Ms. Shubham Agrawal, Company Secretary (Membership No: 8192 CP No. 10640) has been appointed as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through Remote E-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall make, not later than 3 days of conclusion of the AGM, a consolidated scrutinizer’s report, of the total votes cast in favour or against, if any to the Chairman of AGM or any other person authorized by him in writing who shall countersign the same and declare the result of the voting. The results declared along with Scrutinizer’s Report shall be placed on the Company’s website [www.kabradrugsltd.com](http://www.kabradrugsltd.com) and on the website of NSDL immediately after the result is declared. The results shall also be immediately forwarded to the BSE Limited, Mumbai

For any further queries relating to the shares of the Company, you may contact the share Transfer Agents at the following address:

**M/S Ankit Consultancy Pvt. Ltd.**

**60, Electronic Complex, Pardeshipura,**

**Indore (M.P.) 452010**

**Tel.: 0731-4065799/97 Fax: 0731-4065798**

**[e-mail-ankit\\_4321@yahoo.com](mailto:e-mail-ankit_4321@yahoo.com)**

18. Section 72 of the Companies Act, 2013 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders willing to avail this facility may make nomination in Form SH-13.

**By Order of the Board  
For Kabra Drugs Limited**

**Date: 10<sup>th</sup> July, 2018**

**Place: Indore**

**Nikita Vijayvergiya  
Company Secretary**

**Registered Office:**

270 Shastri Market, Indore – 452 007 (M.P)

**CIN: L02423MP1989PLC005438**

E-mail: [kabradrugs@rediffmail.com](mailto:kabradrugs@rediffmail.com)



## KABRA DRUGS LIMITED

**As required by section 102(1) of the Companies act, 2013, the following Explanatory Statements set out all material facts relating to the special business in accompanied notice.**

### **Item No. 4**

The Board of Directors of the Company had appointed Mr. Bharat Dewda (DIN 08137846) as an Additional Director of the Company with effect from 30<sup>th</sup> May, 2018. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Bharat Dewda (DIN 08137846) shall hold office up to the date of the forthcoming Annual General Meeting.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his candidature as an Independent Director of the Company.

The Company has received a declaration of independence from Mr. Bharat Dewda (DIN 08137846) as required under section 149 (6) of Companies Act, 2013. In the opinion of the Board, he fulfills the conditions specified in the Act, and Rules framed there under for appointment as an Independent director and he is independent of the management.

Section 149(10) of the Act provided that an independent director shall hold office for a term of upto five consecutive years on the Board. Further, section 149(13) of the Act states that the provision relating to retirement of directors by rotation shall not apply to the appointment of independent directors. In compliance with the provisions of the Companies Act, 2013, it is proposed to appoint Mr. Bharat Dewda (DIN 08137846) as an independent director of the Company to hold office for a term up to May 29, 2023.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Bharat Dewda (DIN 08137846), is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 4 for approval of the Members.

### **Item No. 5**

The Board of Directors of the Company had appointed Mrs. Snehlata Gadiya (DIN 02027009) as an Additional Director of the Company with effect from 30<sup>th</sup> May, 2018. In accordance with the provisions of Section 161 of Companies Act, 2013, Mrs. Snehlata Gadiya (DIN 02027009) shall hold office up to the date of the forthcoming Annual General Meeting.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his candidature as an Independent Director of the Company.

The Company has received a declaration of independence from Mrs. Snehlata Gadiya (DIN 02027009) as required under section 149 (6) of Companies Act, 2013. In the opinion of the Board, she fulfills the conditions specified in the Act, and Rules framed there under for appointment as an Independent director and she is independent of the management.

Section 149(10) of the Act provided that an independent director shall hold office for a term of upto five consecutive years on the Board. Further, section 149(13) of the Act states that the provision relating to retirement of directors by rotation shall not apply to the appointment of independent directors. In compliance with the provisions of the



## KABRA DRUGS LIMITED

Companies Act, 2013, it is proposed to appoint Mrs. Snehlata Gadiya (DIN 02027009) as an independent director of the Company to hold office for a term up to May 29, 2023.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except Mrs. Snehlata Gadiya (DIN 02027009), is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 5 for approval of the Members.

### Item No. 6

The Board of Directors of the Company had appointed Mr. Arvind Hirve (DIN 08156008) as an Additional Director of the Company with effect from 10<sup>th</sup> July, 2018. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Arvind Hirve (DIN 08156008) shall hold office up to the date of the forthcoming Annual General Meeting.

The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying his candidature as an Independent Director of the Company.

The Company has received a declaration of independence from Mr. Arvind Hirve (DIN 08156008) as required under section 149 (6) of Companies Act, 2013. In the opinion of the Board, he fulfills the conditions specified in the Act, and Rules framed there under for appointment as an Independent director and he is independent of the management.

Section 149(10) of the Act provided that an independent director shall hold office for a term of upto five consecutive years on the Board. Further, section 149(13) of the Act states that the provision relating to retirement of directors by rotation shall not apply to the appointment of independent directors. In compliance with the provisions of the Companies Act, 2013, it is proposed to appoint Mr. Arvind Hirve (DIN 08156008) as an independent director of the Company to hold office for a term up to July 09, 2023.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Arvind Hirve (DIN 08156008), is concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 6 for approval of the Members.

**By Order of the Board  
For Kabra Drugs Limited**

**Date: 10<sup>th</sup> July, 2018  
Place: Indore**

**Nikita Vijayvergiya  
Company Secretary**

### **Registered Office:**

270 Shastri Market, Indore – 452 007 (M.P)

**CIN: L02423MP1989PLC005438**

E-mail: [kabradrugs@rediffmail.com](mailto:kabradrugs@rediffmail.com)



## KABRA DRUGS LIMITED

### Details of Directors seeking Appointment /Re-appointment at the forthcoming Annual General Meeting

#### (In pursuance of Regulation 36(3) of SEBI (LODR) Regulations, 2015)

Name of Director	Shri Bharat Dewda	Smt Snehlata Gadiya	Shri Shyam Kabra	Shri Arvind Hirve
Date of Birth	26/10/1990	09/10/1960	20/09/1955	15/05/1994
Date of Appointment	30/05/2018	30/05/2015	22/08/1989	10/07/2018
Expertise in Specific Functional Area	Finance and Accounting	Administrative	30 years experience in pharma manufacturing	Finance and Accounting
Qualification	Graduation	BA	Post Graduate	Graduation
List of outside Directorship held	-	--	2	--
Chairman/ Member of the Committee of the Board of Directors of the Company	3	3	3	3



# KABRA DRUGS LIMITED

## REPORT OF THE BOARD OF DIRECTORS

### Dear Members,

Your Directors are pleased to present the 29th Annual Report and the Company's Audited Financial Statement for the financial year ended March 31, 2018.

### FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	2017-18	2016-2017
Sales & Other Income	201.91	781.25
Total Expenditure	342.93	767.47
Profit (loss) before depreciation, and tax	-127.30	38.09
Less: Depreciation	13.71	24.30
Provision for Income Tax	00	0.77
Profit (Loss) after depreciation & tax	-141.02	13.02
Less: Exceptional Items	-94.64	0.00
Profit for the period	-235.66	13.02

### DIVIDEND

The Board of Directors to conserve the resources of the Company and to maintain the liquidity has decided not to declare dividend on Equity Shares for the year ended 31st March 2018.

### BUSINESS REVIEW

Year under review proved to be turn around for the company. The revenue realization has decreased in the year under review. The year was not favorable for the company and the company has gone through many changes in the year under review.

### FIXED DEPOSIT

During the financial year 2017-18, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

### MATERIAL CHANGES OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR UNDER REVIEW AND THE DATE OF THE REPORT

The Company has sold off its asset, plant and machinery situated at 26, Sector-A, Sanwer Road. Indore for better future prospects. The company has made necessary compliance as required for the same. Other than this no material changes taken place during the time period between end of the financial year under review and the date of the report which affects the financial position of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis forms an integral part of this Report, as stipulated under Regulation 34(2) read with Schedule V to the Listing Regulations, 2015, is set out in the Report as **Annexure – “A”**.



# KABRA DRUGS LIMITED

## **CORPORATE GOVERNANCE**

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organizations brand and reputation. The new Companies Act, 2013 and amended Listing Regulations have strengthened the governance regime in the country. The Company is in compliance with the governance requirements provided under the new law and had proactively adopted many provisions of the new law, ahead of time.

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. Report on Corporate Governance is forming part of the Annual Report as **Annexure – “B”**.

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company confirming compliance with conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V of the Listing Regulations, is annexed to the Annual Report.

A Certificate of the MD and CFO of the Company in terms of Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, stating that members of Board of Directors and Senior Management have affirmed compliance with the Company's Code of Conduct and adequacy of the internal control measures and reporting of matters to the Audit Committee.

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, AND REDRESSAL) ACT, 2013**

In accordance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made there under, the Company formulated an internal policy on Sexual Harassment at workplace (Prevention, Prohibition and Redressal) during the year under review.

The policy aims at educating employees on conduct that constitute sexual harassment, ways and means to prevent occurrence of any such incident, and the mechanism for dealing with such incident, and the mechanism for dealing with such incident in the unlikely event of its occurrence.

The Company has zero tolerance on Sexual Harassment at workplace. During the year under review, no complaints were received against the sexual harassment at workplace.

## **EXTRACT OF THE ANNUAL RETURN**

Extract of Annual Return in Form No. MGT – 9 is attached pursuant to Section 134(3) to the Companies Act, 2013 as **Annexure – “C”**.

## **BOARD MEETINGS**

During the year under review, the Board of Directors met 9 (Nine) times on the meetings held on April 17, 2017, May 30, 2017, August 14, 2017, September 14, 2017, 04<sup>th</sup> October, 2017, November 02, 2017, December 14, 2017 and February 14, 2018 and 17<sup>th</sup> March, 2018.

Apart from the meetings of the Board different Committees met several times during the year under review.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;





## KABRA DRUGS LIMITED

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors 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;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **DISCLOSURE BY INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

### **DIRECTORS**

#### **Appointment**

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Shyam Kabra (DIN 00760020), will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mr. Bharat Dewda and Mrs. Snehlata Gadiya were appointed as an Additional Director of the Company w.e.f 30<sup>th</sup> May, 2018 and are being proposed for appointment as an Independent Directors of the Company.

Mr. Arvind Hirve was appointed as an Additional Director of the company w.e.f. 10<sup>th</sup> July, 2018 and is being proposed for appointment as an Independent Directors of the Company.

Brief resume of Directors seeking appointment and re-appointment as stipulated under Regulation 36(3) of the Listing Obligations, has been provided as Annexure to the Notice of AGM of the Company.

#### **Resignation**

During the year under review, Mr. Mahendra Singh Madloi has resigned from the directorship of the Company w.e.f 24.10.2017

Mr. Shivaji Singh has resigned from the directorship of the Company w.e.f 19.06.2018

Mrs. Kusum Kabra resigned from the directorship of the Company w.e.f 23.05.2018

Mr. Madhusudan Sharma has resigned from the directorship of the Company w.e.f 21.07.2018

Mr. Kuldeep Kumar Ajmera has resigned from the directorship of the Company w.e.f . 02.07.2018

The Board appreciates the services and the valuable support rendered by them during the tenure of their directorship.

### **KEY MANAGERIAL PERSONNEL**

The Key Managerial Personnel (KMP) in the Company as per Section 203 of the Companies Act, 2013 are as follows:  
Mr. Shyam Kabra: Managing Director (DIN: 00760020)

Ms. Nikita Vijayvergiya: Company Secretary & Compliance Officer



## KABRA DRUGS LIMITED

### AUDITORS AND AUDITORS' REPORT

The Companies auditors M/s. Ashok Khasgiwala & Co., Chartered Accountants, who are the statutory auditors of the company, hold office till the conclusion of the forthcoming AGM and are not being reappointed as their term has completed. Pursuant to the provisions of Section 139 of Companies Act, 2013 and the rules framed thereunder, it is proposed to appoint **M/s. Shweta Agrawal & Co. (FRN: 019751C)**, Chartered Accountants based on the recommendation of the Audit Committee and the Board of directors in its meeting held on 30<sup>th</sup> May, 2018 for a period of one year from the conclusion of this Annual General Meeting up to the conclusion of the 33<sup>rd</sup> Annual General Meeting. There has been no change in the Statutory Auditors during the year. The Auditor report contain remark or qualification as follows:

Fixed assets register was not available for our verification and depreciation on fixed assets provided on estimated basis by the management however same could not be verified by us in absence of details and its impact on profit and loss could not be ascertained.

As per practice followed, the company has not recognized deferred tax assets / liability in its financial statement as required by IND AS 12. In absence of sufficient information its impact on financial statement not ascertainable.

Balances of Trade receivable, trade payable, deposits, bank balances and advances are subject to confirmation and impact if any on the financial statements will be recognized in subsequent year.

The company could not appoint Company Secretary as required under Section 203, The Companies Act, 2013 after resignation of company Secretary w.e.f. 23<sup>rd</sup> August 2017, this is in contravention of requirements of Companies Act, 2013.

Other than this auditor have mentioned emphasis of matter in their report as mentioned below:

We draw attention to the matter that the company has disposed off its business and undertaking comprising of Plant and Machinery, Land, Equipment, Furniture, fixtures and other assets, however as informed to us management has planning to set up a new pharmaceuticals plant hence going concern assumption considered as hold good.

Company has not carried out actuarial valuation in respect of Gratuity during the year as informed to us the liability of all the employees in respect of gratuity is calculated by company as per payment of Gratuity Act and settled all dues related to gratuity during the year itself.

Books of the Company are seized by Income Tax authorities during the survey proceedings under section 133 A of Income Tax Act, 1961, the audit is conducted on the basis of Xerox copies of Vouchers, purchase bills, sales invoices, copy of ledgers and other documents produced to us.

The Company could not appoint Chief Financial Officer of the company after resignation w.e.f. 04<sup>th</sup> December 2017, however we are informed that the appointment of CFO is under cooling period as mentioned under Section 203 of The Companies Act, 2013.

On above stated para of Independent Auditor's Report, our explanation is as follows:

Data were in soft copy got corrupted and at the time of shifting of Registered office register was lost and therefore management was unable to provide the data.

All the books were seized by Income tax Authorities during the survey proceedings, therefore management unable to assess the same.

- a. The company is not in the practice to take confirmation from parties.
- b. The company was under process of finding a suitable person and has appointed company secretary w.e.f. 10<sup>th</sup> July, 2018.

On emphasis of matter as mentioned in Auditor's report, our explanations are as follows:



## KABRA DRUGS LIMITED

- a. The company has disposed off its business and undertaking comprising of plant and machinery, Land, Equipment, Furniture, Fixtures and other assets as the assets were very old and the plant was situated within the city.
- b. As the company assets are sold and no manufacturing activities took place and no workers were on permanent basis so it was not calculated.
- c. The books of account were seized and audit was done by Xerox copies.
- d. The company could not appoint CFO as at the time of audit company was under cooling period and company is in process of doing the same.

### **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. M. Maheshwari & Associates, a firm of Company Secretaries in Practice to conduct the Secretarial Audit of the Company for the year ended March 31, 2018. The Secretarial Audit Report is annexed herewith to this Report and marked as **Annexure – “D”**.

There is no qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report except the following:

1. Company has not updated its website.
2. Company has not appointed Company Secretaries and Chief Financial Officer under section 203 of Companies Act, 2013
3. Register of fixed assets was not available.

On above stated para of Secretarial Audit Report, our explanation is as follows:

1. Due technical issues company was unable to update the site and is under process to resolve the issue.
2. Company has appointed company secretary w.e.f. 10<sup>th</sup> July, 2018 and is under process to appoint CFO.
3. Register was maintained in soft copy which got corrupted and physical copy was lost during shifting and after that company was unable to maintain.

### **RELATED PARTY TRANSACTIONS**

During the financial year 2017-18, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued there under and Listing Regulations. During the financial year 2017-18, there were no transactions with related parties which qualify as material transactions under the Listing Regulations and the Companies Act, 2013.

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [www.kabradrugsltd.com](http://www.kabradrugsltd.com). The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties. Therefore the Company is not required to furnish any particulars in the Form AOC-2.

### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Pursuant to Section 134(3)(g) of the Companies Act, 2013 particulars of loans, guarantees or investments under Section 186 of the Act as at end of the Financial Year 2017-18 are attached as Note no. 12 of the Financial Statements which forms part of this report.

### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is attached as **Annexure – “E”**.



## KABRA DRUGS LIMITED

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Details of conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is forming part of this report as **Annexure – “F”**. During the year there were no foreign earnings as well as outgo.

### **RISK MANAGEMENT**

In line with the regulatory requirements of Section 134(3) of Companies Act, 2013, the Company has framed a Risk Management Policy to identify and access the key business risk areas and to resolve the same risk for smooth operations. A detailed exercise is being carried out at regular intervals to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

### **INTERNAL FINANCIAL CONTROL**

According to Section 134(5) (e) of the Companies Act, 2013 the term Internal Financial Control (IFC) means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding 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.

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Necessary checks and controls are in place to ensure that transactions are properly verified, adequately authorized, correctly recorded and properly reported.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES**

During the year under review, pursuant to the provisions of section 2(6), 2(87) to the Companies Act, 2013 it has been observed that the Company has no Subsidiaries, joint venture and any associate Company.

### **INDUSTRIAL RELATIONS**

Relation between the Management and its employees has been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

### **ACKNOWLEDGEMENT**

The Directors wish to convey their appreciation for the co-operation extended by bankers and various Government agencies. The Directors also wish to thank the shareholders, employees, customers and suppliers for their support and co-operation.

**Place: Indore**  
**Date: July 10, 2018**

**By order of Board**  
**FOR KABRA DRUGS LIMITED**

**SHRI SHYAM KABRA**  
**MANAGING DIRECTOR**  
**DIN: 00760020**



# KABRA DRUGS LIMITED

## ANNEXURE – A

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report are prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities Exchange Board of India and in compliance with the provisions of the Listing Regulations, 2015.

#### Industry Structure and Development

During the year, India's market growth rate has decreased and failed to give credible returns in the market. The Indian Pharma Industry is going to grow with a expected rate of 15percent annum between the years 2015 and 2020. Going forward, better growth in domestic sales would also depend on the regulatory and pricing issue in the company

The growth in Indian domestic market will be boosted by increasing consumer spending, rapid urbanization, increasing healthcare insurance, drugs and so on.

By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.

Indian pharma companies spend 8-11 per cent of their total turnover on R&D due to that expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales.

Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. Pharma companies have increased spending to tap rural markets and develop better medical infrastructure.

The Indian pharmaceuticals companies have started their product development according to the new environment. Yet, constant inflation in the country is taking its toll and rising global commodity prices is only compounding the problem. The growth in Indian domestic market will be on back of increasing consumer spending, rapid urbanization, and raising healthcare insurance and so on. The pharmaceutical industry in India retains its position of strength as the pharmacy capital of the world. It supplies an estimated one-third of all global pharmaceutical produce in terms of volume. A growing trend was that more Indian pharmaceutical companies focused on semi-urban and rural markets for incremental growth opportunities.

#### Opportunities and threats

Opportunities and threats go in line with the industry development. As India is a developing country, increasing population and income levels are the reasons because of which demands have increased for drugs which is opening new opportunities for the pharmaceuticals industries. Your Company is required to accept the changes fast. Rising living standards is leading to growing demand for healthcare. Changing lifestyles leading to changing disease burden are opening markets for pharma industries. Your Company is the best manufacturer of Ether derivatives in M.P.

Slow market growth is a big in hurdle in the growing process. Many policy reforms are going to take place as healthcare is being the top priority.

Patient centric healthcare is the new technology trendwhich is resulting in more informed patients who take more active role in any treatment planned by doctor which is giving a challenge to the pharmaceuticals industry. Strict government regulations are making it difficult to survive in the market. Threat of new entrance with wide resources is also a threat to survive in the market as low barriers are for entry.The pharmaceutical industry in India retains its position of strength as the pharmacy capital of the world. It supplies an estimated one-third of all global pharmaceutical produce in terms of volume



### **Outlook**

The pharmaceutical industry is expected to have muted export growth and stable domestic revenue in the year. The overall pharma exports are expected to grow by about 5 per cent while the domestic pharma market is expected to grow by 8-10 per cent in the next fiscal.

The key factors driving growth for the domestic market have been increasing healthcare spending by the government, demographic trends, increasing disposable income and higher incidence of lifestyle diseases. The market will, however, remain exposed to any expansion of the price control regime. Though expansion of the drug price control regime could have an impact on the topline growth of companies temporarily, a likely improvement in volume sales over the medium term could offset the impact, the report stated.

The growth momentum is likely to face further pressure. Increased regulatory scrutiny, consolidation of supply chain in the US market resulting in pricing pressures and higher research and development expenses will have an impact on profitability of the companies.

India's pharmaceutical market is dominated by generic drugs, which account for around 75 percent of the market by volume which is supplied mainly by domestic companies. Generics have helped to keep pharmaceutical prices low and the market is expected to continue expanding rapidly. Still, India's growing middle class is increasing demand for more advanced and costly medicines.

Demographic trends will be a significant driver of global demand for pharmaceuticals in the next five years. Increase in diagnosis and treatment of chronic conditions and an aging population will drive pharmaceutical demand in developed markets. In emerging markets, population growth, coupled with improved access to healthcare and rising per capita income will drive demand.

Taking into account all the above it is expected that while the growth in profitability would be a challenge, the concrete plans and strategies set up by the management will help the company to overcome the challenges.

### **Risk and Concern**

The commercial environment is getting harsher, as healthcare payers impose new cost constraints on healthcare providers and scrutinise the value medicines offer much more carefully. They want new therapies that are clinically and economically better than the existing alternatives, together with hard, real-world outcomes data to back any claims about a medicine's superiority.

Pharma's output has remained at a stable level for the past decade. Using the same discovering and developing processes, there's little reason to think its productivity will suddenly soar.

Concern over health risks has brought into focus a need for strict regulations by government. Fraudulent marketing is also a concern for the company. Emerging markets will be the growth engines for pharmacy but as opportunities will be high risk and threats will move side by side.

Company needs to identify risks and make working and policy accordingly so as to save company from criminal and other fines and penalties etc.

The challenge for growth goes beyond cost and it includes flexibility, innovation and distribution. All the pharma companies use the same strategy to capture the emerging markets but difference lies in the quality of execution.





## KABRA DRUGS LIMITED

The company to stay in market has to lower the cost of production and have to adapt the strategies as per the changing environment and policies to get strategic advantage.

### Financial & Operational Performance

(Rs. In Lacs)

Particulars	Year ending 31.03.2018	Year ending 31.03.2017
Gross Income	201.92	772.05
Net Profit After Interest, Depreciation & Tax	-235.66	3.82

### Internal Control Systems and Adequacy

As always, the Company's internal control procedures are tuned to keep up with the organization's pace of growth and increasing complexity of operations. These ensure compliance with various regulations. The internal audit team carries out extensive audits throughout the year, across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

### Human Resources

Your Company believes in philosophy of communicating with the entire team in a two way process. Company also believes in the principal of proper delegation of authority which results in uplift of Commitment level, responsibility and accountability of entire team right from Managing Director to Lowest level of administration. Every effort is made to implement the suggestions received and to encourage staff for more suggestion. During the year 2017-18, the company has maintained cordial and harmonious relation with the employees.

### Cautionary Statement

Actual performance may differ from projections made as the Company's operations are subject to various economic conditions, government regulations and other incidental factors.

Place: Indore

Date: July 10, 2018

By order of Board  
FOR KABRA DRUGS LIMITED

SHRI SHYAM KABRA  
CHAIRMAN CUM MANAGING DIRECTOR  
DIN: 00760020



# KABRA DRUGS LIMITED

## ANNEXURE - B

### ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

#### 1. Company's Philosophy

Your Company's Philosophy on code of Corporate Governance is based on attainment of high level of transparency, accountability, and adequate disclosures and economic value addition. All employees are guided by the Company's policies on important issues, including our relationship with consumers, stakeholders and Government.

The demands of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

The Company has timely adopted the amendments as made by SEBI in respect of Corporate Governance for sustainable growth and wealth creation.

#### 2. Board of Directors

##### Composition, Attendance & Information of other Directorship/ Committee Memberships

In keeping with the commitment of the Management for the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of executive and independent directors to maintain the independence of the Board, and to separate the board functions of governance and management.

The Board of Directors comprises of six members. The composition of Board of Directors and their attendance for the financial year 2017-18 is as under:

Name of Directors	Category of Director	No. of other Directorship	No. of other Board Committees in which he is**		Attendance at last AGM held on 28.09.2016	Attendance at Board Meeting
			Member	Chairman		
<b>Mr. Shyam Kabra*</b>	Managing Director	2	3	-	Yes	9
<b>Mrs. Kusum Kabra*</b>	Whole Time Director	2	-	-	Yes	9
<b>Mr. Mahendra*** Singh Madloi</b>	Whole Time Director	-	-	-	Yes	5
<b>Mr. Madhusudan Sharma</b>	Independent Director	-	2	1	Yes	6
<b>Mr. Shivaji Singh</b>	Independent Director	-	2	1	Yes	9
<b>Mr. Kuldeep Kumar Ajmera****</b>	Independent Director	--	2	-	No	8

\*Mr. Shyam Kabra and Mrs. Kusum Kabra are inter-se related. Mrs. Kusum Kabra is wife of Mr. Shyam Kabra who is Chairman and Managing Director of the Company.

\*\*Audit Committee and other committees are also included.



## KABRA DRUGS LIMITED

\*\*\* Mr. Mahendra Singh Madloi has attended 5 Board Meetings. Thereafter he resigned from the directorship of the Company w.e.f 24.10.2017

\*\*\*\* Mr. Kuldeep Kumar Ajmera has been appointed w.e.f. 17.04.2017

### Meetings of the Board

During the financial year 2017-2018, the Board of Directors met Nine times on following dates: 17/04/2017, 30/05/2017, 14/08/2017, 14/09/2017, 04/10/2017, 02/11/2017, 14/12/2017, 14/02/2018 and 17/03/2018.

### Independent Directors, Meetings and Familiarisation programmes for Independent Director

The Board includes Directors with independent standing in their respective field/ profession who can effectively contribute to the Company's business and policy decisions. Their appointment as Independent Directors on the Board is considered by Nomination and Remuneration Committee.

One meeting of the Independent directors was held during the year without the presence of Executive Director or managerial personnel. Such meetings are conducted to enable Independent directors to have insight into the company's working and discuss matters related to company and put forth their views to the Chairman.

Every Independent Director, at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of Board of Director in every financial year, gives a declaration that he meets the criteria of Independence as required by law.

Independent Directors are given periodic updates with necessary documents, reports and documents to enable them to familiarize with the Company's procedures and practices.

Quarterly updates as well as updates when required are provided to Independent Directors in respect of statutory changes in Companies Act , various laws as applicable to company and SEBI Regulations.

### Performance Evaluation Criteria for Independent Director

The Nomination and Remuneration Committee has defined criteria for evaluation of the performance of the Directors including Independent Directors. The said criteria provide certain parameters like attendance at Board Meetings, preparedness and contributions at Board Meetings, interpersonal skills, effective deployment of knowledge and expertise and maintaining of confidentiality etc.

### 3. Audit Committee

The Audit Committee comprises of four directors of whom Chairman and two members are Independent Director. The Audit Committee met on regular intervals during the year under review.

#### Objective

The objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting processes with a view to ensuring accurate and proper disclosure and the transparency and quality of financial reporting. The committee also reviews the financial and risk management policies, and the adequacy of internal control systems of the Company and meets Statutory Auditors periodically.

#### Terms of Reference

The scope and role of activities of the Audit Committee is as set out Part C of Schedule II of the Listing Regulations, 2015 read with Section 177 of the Companies Act, 2013. These broadly include oversight of the company's financial



## KABRA DRUGS LIMITED

reporting process and the disclosure of its financial information to ensure that company's financial statement are fair and credible, to meet Statutory Auditors to discuss their findings/ suggestions, to review weaknesses in internal controls reported by Auditors, to review financial reporting systems and internal control systems, to review quarterly/half yearly/annual financial results and other matters.

### Composition, Meetings and Attendance

Name of Director	Designation	Category	No. of Meetings attended	Dates on which meeting was held
Mr. Shivaji Singh	Chairman	Independent Director	5	27.05.2017 12.08.2017 14.09.2017 14.12.2017 14.02.2018
Mr. Shyam Kabra	Member	Managing Director	5	
Mr. Madhusudan Sharma	Member	Independent Director	5	
Mr. Kuldeep Kumar Ajmera	Member	Independent Director	5	

### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three directors who are Independent Directors. The Nomination and Remuneration Committee met on regular intervals during the year under review as and when required.

#### Terms of Reference:

Terms of reference of the Committee, includes considering the matters relating to the Company's Policies on remuneration payable and determining the package to the Managing Directors, Executive Directors and Whole-time Directors, Independent Directors and other employees, commission to be paid to the Directors, formulation of criteria for evaluation of performance of independent directors and board of directors and other matters specified in section 178 of the Companies Act, 2013 and Part D of Schedule II of the Listing Regulations, 2015.

#### Composition, Meetings and Attendance:

Name of Director	Designation	Category	No. of Meetings attended	Dates on which meeting was held
Mr. Shivaji Singh	Chairman	Independent Director	1	17.04.2017
Mr. Shyam Kabra	Member	Managing Director	-	
Mr. Madhusudan Sharma	Member	Independent Director	1	
Mr. Kuldeep Kumar Ajmera	Member	Independent Director	-	



## KABRA DRUGS LIMITED

### Remuneration Policy and Details of remuneration:

#### Objective:

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors. The policy is also available on Company's website ([www.kabradrugsltd.com](http://www.kabradrugsltd.com))

#### Guiding principles

The guiding principle is that the remuneration and the other terms of employment shall be competitive in order to ensure that the Company can attract and retain competent Executives.

-The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the Company. When determining the remuneration policy and arrangements for Executive Directors/ KMP's, the Remuneration Committee considers pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that level of remuneration remain appropriate in this context.

The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the company successfully.

-The Remuneration Committee while considering a remuneration package must ensure a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

#### Reward principles and objectives

Company's remuneration policy is guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, interalia principles pertaining to determining qualifications, positives attributes, integrity and independence etc.

#### Reward policies

**Attract and retain:** Remuneration packages are designed to attract high-caliber executives in a competitive global market and remunerate executives fairly and responsibly. The remuneration shall be competitive and based on the individual responsibilities and performance.



# KABRA DRUGS LIMITED

## Executive Director Remuneration – Board of Management

Executive Director remuneration is proposed by the Committee and subsequently approved by the Board of Directors. In determining packages of remuneration, the Committee may consult with the Chairman/ Managing Director as appropriate. Total remuneration shall be comprised as follows:

**A fixed base salary**, set at a level aimed at attracting and retaining executives with Professional and personal competences required to drive the Company's performance.

**Short-term incentives**, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee and approved by the Board of Directors.

**Long-term incentives** in the form of **stock options**, promoting a balance between short-term achievements and long-term thinking. However, the Directors should not participate in the stock options.

**Pension contributions**, made in accordance with applicable laws and employment agreements.

### Remuneration of Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/ Committee meetings and commission, if any, after approval of the members.

### Disclosure of Information

Information on the total remuneration of members of the Company's Board of Directors, Executive Board of Management and senior management may be disclosed in the Company's annual financial statements. This includes any deferred payments and extraordinary contracts during the preceding financial year. Details of remuneration paid to the directors are part of the Annual Report.

### Remuneration paid to directors:

The remuneration paid to Executive directors is duly approved by the Nomination and Remuneration Committee, Board of Directors and the members in General Meeting. The remuneration paid to the Executive Directors during the financial year 2017-18 was Rs. 16,53,150/-

The non-executive directors of the Company are paid sitting fees for attending meetings. The total amount of sitting fees paid to non-executive directors during the financial year 2017-18 was Rs. 1,71,522/- . The non-executive directors of the company do not have any material pecuniary relationship or transactions.

## 5. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee comprises of four directors of whom Chairman and two members are Independent Directors. The Stakeholders Relationship Committee met on regular intervals during the year under review.

### Terms of Reference

The Board has constituted Stakeholders Relationship Committee to resolve the shareholders' grievances related to non-receipt of Annual Report, transfer of shares etc, approve issue of the Company's duplicate share certificates and to carry out any other functions as referred by Board from time to time and by any statutory notification as come into force from time to time.





## KABRA DRUGS LIMITED

Compliance Officer: Ms. Nikita Vijayvargiya, Company Secretary and Compliance officer.

### Composition, Meetings and Attendance:

Name of Director	Designation	Category	No. of Meetings attended	Dates on which meeting was held
Mr. Madhusudan Sharma	Chairman	Independent Director	2	09.06.2017 06.11.2017
Mr. Kuldeep Kumar Ajmera	Member	Independent Director	2	
Mr. Shivaji Singh	Member	Independent Director	2	
Mr. Shyam Kabra	Member	Managing Director	2	

**Investors Complaints:** During the year under review five complaints were received against the company and were resolved timely by Registrar and Share Transfer Agent. As on March 31, 2018, no complaints were pending on company's part.

### 6. General Body Meetings

The details of Annual General Meetings held in last 3 years are as under:

Year	Venue	Date	Time
2014-2015	26, Sector "A" Sanwer Road, Industrial Area, Indore – 452 003	29.09.2015	11.00 A.M.
2015-2016	26, Sector "A" Sanwer Road, Industrial Area, Indore – 452 003	28.09.2016	11.00 A.M.
2016-2017	26, Sector "A" Sanwer Road, Industrial Area, Indore – 452 003	29.09.2017	11.00 A.M.

The details of Special Resolutions passed in the Annual General Meeting held in the last three years are as follows.

Meeting	Special Resolutions passed in the Annual General Meeting
26 <sup>th</sup>	<ol style="list-style-type: none"> <li>Appointment of Mrs. Kusum Kabra as Whole time Director of the Company for a period of three years from 01<sup>st</sup> September, 2015 till 31<sup>st</sup> August, 2018.</li> <li>Appointment of Mr. Mahendra Singh Madloi as Whole time Director of the Company for a period of three years from 01<sup>st</sup> September, 2015 till 31<sup>st</sup> August, 2018</li> </ol>
27 <sup>th</sup>	<ol style="list-style-type: none"> <li>Re-appointment of Mr. Shyam Kabra as Managing Director of the Company for a period of five years from 01<sup>st</sup> June, 2016 till 31<sup>st</sup> May, 2021</li> </ol>
28 <sup>th</sup>	--

**Special Resolutions passed through postal ballot:** No special resolution passed vide postal ballot during the year 2017-18.



## KABRA DRUGS LIMITED

### 7. Subsidiary Companies:

The Company has no subsidiary.

### 8. Disclosure

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

### 9. Vigil Mechanism

Pursuant to Listing Regulations and as per applicable provisions of section 177 of the Companies Act 2013 requires every listed company shall establish a whistle Blower policy/Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's code of conduct for Directors and senior management executive("the Code")which lays down the principles and standards that one should govern the actions of the Company and its employees. Any actual or potential violation of code, however insignificant or perceived as such, would be a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of directors and employee who avail of such mechanism and also make provisions for the direct access to the chairperson of Audit Committee in exceptional cases.

### 10. Means of Communication

- a) Quarterly Results: The Company's quarterly/half yearly/annual financial results are sent to the Stock Exchanges and are published in the newspaper i.e Choutha Sansar and Free Press and are also displayed on the Company's website([www.kabradrgsltd.com](http://www.kabradrgsltd.com))
- b) Website: The Company's website ([www.kabradrgsltd.com](http://www.kabradrgsltd.com)) has a separate section named "Investors information" where information related to shareholders is available.

### 11. General Shareholders Information

1.	<b>Annual General Meeting</b> Date/Day : Saturday, 11 <sup>th</sup> August, 2018 Time : 11.00 A.M. Venue : 270 Shastri Market, Indore- 452007	
2.	Financial Year of the Company	1st April, 2018 to 31st March, 2019.
3.	Date of Book closure	August 05, 2018 to Saturday, August 11, 2018 (both days inclusive)
4.	Stock Code	524322



## KABRA DRUGS LIMITED

5.	Results for the Quarter ending: June 30, 2017 September 30, 2017 December 31, 2017 March 31, 2018	On or before 14th August, 2018. On or before 14th November, 2018 On or before 14th February, 2019 On or before 30th May, 2019 (Audited).
6.	Listing of Equity Shares on the Stock Exchanges	1. BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Listing Fees as applicable have been paid

### 12. Stock Market Price Data

Month	Bombay Stock Exchange Limited (BSE)	
	High	Low
April 2017	7.05	6.00
May 2017	7.20	5.23
June 2017	5.10	3.82
July 2017	5.07	4.20
August 2017	4.49	3.86
September 2017	3.70	2.87
October 2017	3.65	2.95
November 2017	4.05	3.48
December 2017	3.31	2.73
January 2018	2.72	2.40
February 2018	2.40	2.17
March 2018	3.37	2.07

### 13. Registrar and Transfer Agent

Name & Address : M/s. Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) – 452 010	Telephone No. : 0731-4065799/97 E-mail : ankit_123@yahoo.com Website : <a href="http://www.ankitonline.com">www.ankitonline.com</a>
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### 14. Share Transfer System

Shares received for transfer in physical form are registered and dispatched within thirty days of receipt of the documents. If shares are under objection then the same are returned within fifteen days. Request for dematerialization



## KABRA DRUGS LIMITED

of shares are processed within fifteen days. Transfer/Transmission of shares is always approved by Board of Directors in their meeting.

### 15. Distribution of Shareholding as on 31.03.2018

Shareholding of nominal value of Rs.	No. of Shareholders	% of Shareholders	No. of Ordinary shares	% of share holding
Up to 1000	3646	48.76	3426390	7.81
1001 – 2000	1827	24.43	3604350	8.21
2001 – 3000	416	5.56	1222140	2.78
3001 – 4000	225	3.01	885310	2.02
4001 – 5000	464	6.21	2310020	5.26
5001 – 10000	456	6.10	3794270	8.65
10001 – 20000	242	3.24	3709390	8.45
20001 – 30000	74	0.99	1868530	4.26
30001 – 40000	29	0.39	996910	2.27
40001 – 50000	21	0.28	961160	2.19
50001 – 100000	46	0.62	3400180	7.75
100001 & above	31	0.41	17707350	40.35
Total	7477	100.00	43886000	100.00

### 16. Shareholding Pattern as on 31.03.2018

S.No	Category	No. of Shares held	% Shareholding
1	Promoter	1048200	23.88
2	Private Corporate Bodies, NRI and Others	195338	4.46
3	Indian Public	3145062	71.66
	Total	4388600	100.00



## KABRA DRUGS LIMITED

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### **17. Dematerialization of shares and liquidity:**

As on March 31, 2018, 2866700 shares were held in dematerialized form and 1521900 were in physical form.

### **18. Plant Location:**

The Company was engaged in the manufacturing of Ether derivatives and Pharmaceutical formulations and the plant is not under operations since October, 2017 and was located at 26, Sector-A, Sanwer Road, Industrial Estate, Indore - 452003 (M.P.)

### **19. Other Disclosure:**

The Company has maintained all the policies as required by law for better functioning and Corporate Governance and the same had been provided on the website of the Company i.e. [www.kabradrugsltd.com](http://www.kabradrugsltd.com).

### **20. Non- compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) to Schedule V of the Listing Regulations:**

The Company has complied with all the requirements in this regard, to the extent applicable.

### **21. Address for correspondence:**

Shareholders may address their communications to:

**Mr. Shyam Kabra**  
**Kabra Drugs Limited**  
270 Shastri Market,  
Indore – 452 007

**Ms. Nikita Vijayvergiya**  
**Kabra Drugs Limited**  
270 Shastri Market,  
Indore – 452 007



## KABRA DRUGS LIMITED

**22. Disclosure of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations:**

S.No.	Particulars	Regulation	Compliance Status Yes/No/N.A.
1.	Board of Directors	17	Yes
2.	Audit Committee	18	Yes
3.	Nomination and Remuneration Committee	19	Yes
4.	Stakeholders Relationship Committee	20	Yes
5.	Risk Management Committee	21	N.A.
6.	Vigil Mechanism	22	Yes
7.	Related Party Transaction	23	Yes
8.	Corporate governance requirements with respect to subsidiary of listed entity	24	N.A.
9.	Obligations with respect to independent directors	25	Yes
10.	Obligations with respect to directors and senior management	26	Yes
11.	Other corporate governance requirements	27	Yes
12.	Website	46(2)(b) to (i)	No as due to technical issues site was under maintenance

Place: Indore  
Date: July 10, 2018

By order of Board  
FOR KABRA DRUGS LIMITED

SHRI SHYAM KABRA  
MANAGING DIRECTOR  
DIN: 00760020



## KABRA DRUGS LIMITED

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Kabra Drugs Limited

We have examined the compliance of corporate governance by Kabra Drugs Limited for the year ended on 31<sup>st</sup> March 2018, as stipulated in Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and other Regulations of the SEBI (LODR), Regulations, 2015 where in Regulation 46 required updated website which was not updated by the company

The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and representation made by the Director and management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or the effectiveness with which the Management has conducted the affairs of the Company.

**For Ashok Khasgiwala & Co.  
Chartered Accountants**

**Place: Indore  
Date: 30.05.2018**

**Sd/-  
(Avinash Baxi)  
(Partner)  
M.No.079722**

### Declaration Regarding Code of Conduct

I hereby declare that all the directors and Senior Management Personnel have affirmed compliance during the financial year 2017-18 with the provisions of Code of Conduct as adopted by the Company.

**Place: Indore  
Date: May 30, 2018**

**Shyam Kabra  
Managing Director**





## KABRA DRUGS LIMITED

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### MD/CFO CERTIFICATION

The Executive Director and Chief Financial Officer of the Company gives annual certification on financial reporting, internal controls and financial statements of the Board in terms of Regulation 17(8) read with Schedule II of the Listing Regulations. The annual certification given by the Executive Director and Chief Financial Officer is given below:

To,  
The Board of Directors  
Kabra Drugs Limited

1. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2018 and that to the best of our 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 listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting. We have not come across any deficiencies in the design or operation of such internal controls.
4. We have indicated to the auditors and the Audit committee:
  - that there are no significant changes in internal control over financial reporting during the year;
  - that there are no significant changes in accounting policies during the; and
  - that there are no instances of significant fraud of which they have become aware.

**Place: Indore**  
**Date: May 30, 2018**

**Shyam Kabra**  
**Managing Director**



# KABRA DRUGS LIMITED

## ANNEXURE - C

### Form MGT 9

#### EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 31.03.2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

#### I. REGISTRATION & OTHER DETAILS:

i	CIN	L02423MP1989PLC005438
ii	Registration Date	22/08/1989
iii	Name of the Company	KABRA DRUGS LIMITED
iv	Category/Sub-category of the Company	Public Company
v	Address of the Registered office & contact details	270 Shastri Market, Indore- 452007 Ph. 0731- 4247626
vi	Whether listed company	Listed
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any	Ankit Consultancy Pvt. Ltd. Registrar & Share Transfer Agent (SEBI REG. No. INR 000000767) CIN NO - U74140MP1985PTC003074 60, Electronic Complex, Pardeshipura, Indore (M.P.) 452010 Tel.:0731-2551745, 2551746 Fax:0731-4065798

#### 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

S. no.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1.	Drugs	21	100%

#### III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES



# KABRA DRUGS LIMITED

The Company has no Holding, Subsidiary & Associate Companies.

## IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of total Equity)

### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2017)				No. of Shares held at the end of the year (As on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoter</b>									
<b>1. Indian</b>									
a. Individual/HUF	1048200	--	1048200	23.88	1048200	--	1048200	23.88	0
b. Central Govt./State Govt.	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	0	0	0	0	0	0	0	0	0
d. Bank/FI	0	0	0	0	0	0	0	0	0
e. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub Total: (A)(1)</b>	1048200	--	1048200	23.88	1048200	--	1048200	23.88	0
<b>2. Foreign</b>									
a. NRI-Individuals	0	0	0	0	0	0	0	0	0
b. Other Individuals	0	0	0	0	0	0	0	0	0
c. Bodies Corp.	0	0	0	0	0	0	0	0	0
d. Banks/FI	0	0	0	0	0	0	0	0	0
e. Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total: (A)(2)</b>	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoters (A)=</b>	1048200	--	1048200	23.88	1048200	--	1048200	23.88	0



## KABRA DRUGS LIMITED

(A)(1)+ (A)(2)									
<b>A. Public Shareholdin g</b>									
1. Institutions	0	0	0	0	0	0	0	0	0
a. Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
b. Banks/FI	0	0	0	0	0	0	0	0	0
c. Central Govt.	0	0	0	0	0	0	0	0	0
d. State Govt.	0	0	0	0	0	0	0	0	0
e. Venture Capital Fund	0	0	0	0	0	0	0	0	0
f. Insurance Companies	0	0	0	0	0	0	0	0	0
g. FIIS	0	0	0	0	0	0	0	0	0
h. Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i. Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total: (B)(1)</b>	0	0	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>									
	107742	90400	198142	4.51	89388	90400	179788	4.10	-0.41
<b>I. Bodies Corporate</b>									
II. NRI & OCB	11450	--	11450	0.26	12950	--	12950	0.30	0.04
III. Clearing Member	1474	--	1474	0.03	2600	--	2600	0.06	0.03
<b>II. Individuals</b>									
1.Individual Shareholders holding nominal share capital uptoRs. 2 Lacs	1333245	1395200	2728445	62.17	1360489	1381500	2741989	62.48	0.31
Individual Shareholders holding nominal share capital	350889	50000	400889	9.13	353073	50000	403073	9.18	0.05



## KABRA DRUGS LIMITED

in excess of Rs. 2Lacs									
<b>Sub-Total: (B)(2)</b>	1804800	1535600	3340400	76.12	1818500	152190 0	3340400	76.12	--
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	1804800	1535600	3340400	76.12	1818500	152190 0	3340400	76.12	--
Shares held by Custodian against which Depository receipts have been issued	-	-	-	-					
<b>Grand Total (A)(B)(C)</b>	2853000	1535600	4388600	100	2866700	152190 0	4388600	100	--

### 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 share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Shyam Kabra	480700	10.95	--	480700	10.95	--	--
2.	Mrs. Kusum Kabra	345500	7.87	--	345500	7.87	--	--
3.	Khushbu Kabra	--	--	--	--	--	--	--
4.	Ayush Kabra	222000	5.06	--	222000	5.06	--	--

### iii. Change In Promoters' Shareholding (Please Specify, If There Is No Change)

S. No.	Name	Shareholding	Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
						No. of Shares	% of total shares of the Company



## KABRA DRUGS LIMITED

1.	Mr. ShyamKabra	480700	01.04.2017 31.03.2018	--	--	480700	10.95
2.	Mrs. Kusum Kabra	345500	01.04.2017 31.03.2018	--	--	345500	7.87
3.	Mr. AyushKabra	--	01.04.2017 31.03.2018	--	--	222000	5.06

iv. Shareholding Pattern of top ten Shareholders

S. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Nandkishor Simaya Tula Ram	90000	2.05	90000	2.05
2.	G B Bhat	70659	1.61	70659	1.61
3.	SanjayKumar Rambhai Patel	64030	1.46	64030	1.46
4.	Ramesh Rai	60000	1.37	60000	1.37
5.	Landmark Capital Markets Ltd.	56400	1.29	56400	1.29
6.	Rajshree Tarun Shah	30629	0.70	30629	0.70
7.	Rashmi Navinbhai Mehta	30277	0.69	32461	0.74
8.	Kureshi Akhtarbanu A	26000	0.59	26000	0.59
9.	Natwar Lal Rathi	25894	0.59	25894	0.59
10.	Chhotubhai Nazarali Khanderia	23062	0.53	24550	0.56
11.	Urvi Atul Sheth	23400	0.53	23400	0.53
12.	Dilip H Mehta	10400	0.24	10400	0.24



## KABRA DRUGS LIMITED

13.	Proficient Securities Limited	9800	0.22	9800	0.22
14.	Shubham Equity & Finance (P) Ltd	8300	0.19	8300	0.19
15.	Vikram Agnihotri	7500	0.17	7500	0.17
16.	Aditya Financial Services (P) Ltd	7500	0.17	7500	0.17
17.	Helin Tekchand Shah	7200	0.16	7200	0.16
18.	Kusum T Shah	7200	0.16	7200	0.16
19.	Shweta T Shah	7200	0.16	7200	0.16
20.	Tekchand J Shah	7100	0.16	7100	0.16

v. Shareholding of Directors and Key Managerial Personnel:

S. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mr. Shyam Kabra	480700	10.95	01.04.2017	--	--	480700	10.95
2.	Mrs. Kusum Kabra	345500	7.87	01.04.2017	--	--	345500	7.87
3.	Mr. Mahendra Singh Madloi	400	0.009	01.04.2017	--	--	400	0.009





# KABRA DRUGS LIMITED

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11477350	6524800	--	13738210
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due		--	--	--
Total (i+ii+iii)	11477350	6524800		18002150
Change in Indebtedness during the financial year	--	--	--	--
• Addition	10959766	0	--	10959766
• Reduction				
Net Change	10959766	0	--	10959766
Indebtedness at the end of the financial year				
i) Principal Amount	517584	6524800		7042384
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	517584	6524800	--	7042384



# KABRA DRUGS LIMITED

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager ( ` In Lacs)

S.no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Shyam Kabra	Mrs.Kusum Kabra	Mr.Mahendra Singh Madloi	
<b>1</b>	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	Rs. 9,00,000/- -- -- --	Rs. 6,00,000/- -- -- --	Rs. 1,53,150/- -- -- --	Rs. 16,53,150/-  -- --
<b>2</b>	Stock Option	Nil			Nil
<b>3</b>	Sweat Equity	Nil			Nil
<b>4</b>	. Commission - as % of profit - others, specify...	Nil			Nil
<b>5</b>	Others, please specify				
	Total (A)				Rs. 16,53,150/-
	Ceiling as per the Act	Within Provisions of Sec. 197 read with Schedule V of the Companies Act,2013			



## KABRA DRUGS LIMITED

### B. Remuneration to other directors:

S.no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Madhusudan Sharma	Mr. Kuldeep Kumar Ajmera	Mr. Shivaji Singh	
1	Independent Directors • Fee for attending board /committee meetings • Commission • Others, please specify	Rs. 28,022/-	Rs. 21,000/-	Rs. 1,22,500/-	Rs. 1,71,522/-
2	Total (1)				Rs. 1,71,522/-
3	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	--	--	--	--
	Total (2)	--	--	--	--
	Total (B)=(1+2)	Rs. 1,71,522/-			Rs. 1,71,522/-
	Total Managerial Remuneration (A+B)	Rs. 18,24,672/-			Rs. 18,24,672/-
	Overall Ceiling as per the Act	Within Provisions of Sec. 197 read with Schedule V of the Companies Act,2013			

### C. Remuneration To Key Managerial Personnel Other Than MD / Manager/WTD

S.no.	Particulars of Remuneration	Key Managerial Personnel
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## KABRA DRUGS LIMITED

		<b>CFO (upto Dec 2017)</b>	<b>CS (upto Sept, 2017)</b>	<b>Total</b>
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	1,98,675/-	1,08,000/-	3,06,675/-
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	. Commission( as % of profit and others, specify)	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	1,98,675/-	1,08,000/-	3,06,675/-

### 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)
<b>A.COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B.COMPOUNDING</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--



# KABRA DRUGS LIMITED

ANNEXURE - D

**Form No.MR-3**  
**SECRETARIALAUDITREPORT**  
FORTHE FINANCIAL YEAR ENDED MARCH 31, 2018

*[Pursuant to section 204(1) of the Companies Act ,2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,

**KABRA DRUGS LIMITED**

CIN: L02423MP1989PLC005438  
270 Shastri Market, Indore MP- 452007

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kabra Drugs Limited** (herein after called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Kabra Drugs Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion ,the company has, during the audit period covering the financial year ended on **March 31, 2018** 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on **March 31, 2018** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under read with notifications, exemptions and clarifications thereto;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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; (Not applicable to the Company during the Audit period hence, these regulations have not been considered for the purpose of this report).
- 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 as amended from time to time;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as



## KABRA DRUGS LIMITED

amended from time to time;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time. (Not applicable as the Company during the reporting period under Audit)
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. (Not applicable as the Company during the reporting period under Audit).
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable as the Company during the reporting period under Audit);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time. (Not applicable as the Company during the reporting period under Audit)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1999. (Not applicable as the Company during the reporting period under Audit)
- vi. We have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for the compliances under the following applicable Act, Law & Regulations to the Company
  - i. Workmen's compensation Act, 1923 and all other allied labor laws, as informed / confirmed to us.
  - ii. Applicable Direct and Indirect Tax Laws.
  - iii. Prevention of Money Laundering Act, 2002
  - iv. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below-**

- 1. Company has not updated its website.**
- 2. Company has not appointed Company Secretaries and Chief Financial Officer under section 203 of Companies Act, 2013**
- 3. Register of fixed assets was not available.**

We further report that

We rely on Statutory Auditor's Report in relation to the financial statements and accuracy of financial figures for Sales Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under Financial Statements, Accounting Standard 18.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive



## KABRA DRUGS LIMITED

Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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 Board Meetings and Board Committee Meetings are carried out unanimously/majority as recorded in the Minutes of the Board of Directors of the Company or committee of the Board, as the case may be. No dissenting views were required to be captured and recorded as part of the minutes.

We 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 as per the information provided to us by the management of the company.

We further report that the company has disposed-off all of its assets including land, building, plant and machinery during the year.

The Income tax Authorities did survey proceedings during the year 2017-18 but no demand has been raised till date.

**Note :** This Report is to be read with our letter dated 07th July, 2018 which is annexed and forms an integral part of this report.

**For M. Maheshwari & Associates**  
**Company Secretaries**  
**Firms U.C.N. I2001MP213000**

**Manish Maheshwari**  
**Proprietor**  
**FCS-5174**  
**CP-3860**

Date : 07<sup>th</sup> July, 2018  
Place : Indore





## KABRA DRUGS LIMITED

To,  
The Members,

Date: 07.07.2018

**KABRA DRUGS LIMITED**

CIN: L02423MP1989PLC005438  
270 Shastri Market, Indore MP- 452007

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the process 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, we have obtained the Management representation about the compliances of laws, rules, regulations and happening of events etc.
5. The compliances 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 of effectiveness with which the management has conducted the affairs of the company.

**For M. Maheshwari & Associates**  
**Company Secretaries**  
**Firms U.C.N. I2001MP213000**

**Manish Maheshwari**  
**Proprietor**  
**FCS-5174**  
**CP-3860**



# KABRA DRUGS LIMITED

ANNEXURE - E

## PARTICULARS OF EMPLOYEES

[As per section 197(12) read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### 1. Remuneration of the Directors:

S.No.	Name	Designation	Remuneration for the year 2017-18	Remuneration for the year 2016-17	% increase in the remuneration	Ratio between Directors and Median Remuneration of Employee
1.	Shyam Kabra	Managing Director	9,00,000/-	9,00,000/-	Nil	21.58:1
2.	Kusum Kabra	Whole time Director	6,00,000/-	6,00,000/-	Nil	14.38:1
3.	Mahendra Singh Madloi	Whole time Director	1,53,150/- (upto September after that he resigned from directorship)	3,09,000/-	Nil	3.67:1

\* Non-executive Directors are paid remuneration by way of sitting fees for attending Board/ Committees Meetings. Hence this ratio is not provided for non-executive directors.

\* No percentage increase in the remuneration of the Executive director in the financial year 2017-18.

\* The Median Remuneration of the Employees for the year 2017-18 is Rs.41, 700/-.

### 2. Percentage increase in the Remuneration of each Director, CFO, CEO, Company Secretary or Manager in the financial year:

No increase in the remuneration

### 3. Percentage increase in the Median Remuneration of Employees in the financial year:

The median remuneration of the employees increased by 2.87% during the financial year 2017-18.

### 4. Number of permanent employees on the rolls of the Company:

During the financial year the total numbers of employees on the roll were 31.

### 5. Average percentile increase in the salaries of employees other than KMPs:

Average increase in the salaries of employees other than KMPs is 2.87% in the financial year 2017-18. No increment in the managerial remuneration took place in the financial year 2017.

### 6. Affirmation for remuneration policy:

It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.



# KABRA DRUGS LIMITED

ANNEXURE –F

**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**

S.No.	Particulars		
i.	the steps taken or impact on conservation of energy;	All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.	
ii.	the steps taken by the company for utilising alternate sources of energy;	NA	
iii.	the capital investment on energy conservation equipments	NIL	NIL
<b>Technology absorption</b>			
(i)	the efforts made towards technology absorption	NIL	
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	NIL	
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year	NIL	
	(a) the details of technology imported	NA	
	(b) the year of import	NA	
	(c) whether the technology been fully absorbed	NA	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA	
(iv)	the expenditure incurred on Research and Development	NIL	NIL
<b>Foreign exchange earnings and Outgo</b>		<b>2017-18</b>	<b>2016-17</b>
(i)	The Foreign Exchange earned in terms of actual inflows during the year;	0.00	0.00
(ii)	and the Foreign Exchange outgo during the year in terms of actual outflows.	0.00	0.00

Place: Indore  
Date: July 10, 2018

For and on behalf of the Board of Directors  
FOR KABRA DRUGS LIMITED

SHRI SHYAMKABRA  
MANAGING DIRECTOR  
DIN: 00760020



# KABRA DRUGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Kabra Drugs Limited

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial statements of Kabra Drugs Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



## KABRA DRUGS LIMITED

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### **Basis for Qualification**

- a. Fixed assets register was not available for our verification and depreciation on fixed assets provided on estimated basis by the management however same could not be verified by us in absence of details and its impact on profit and loss could not be ascertained.
- b. As per practice followed, the company has not recognized deferred tax assets / liability in its financial statement as required by IND AS 12. In absence of sufficient information its impact on financial statement not ascertainable.
- c. Balances of Trade receivable, trade payable, deposits, bank balances and advances are subject to confirmation and impact if any on the financial statements will be recognized in subsequent year.
- d. The company could not appoint Company Secretary as required under Section 203, The Companies Act, 2013 after resignation of company Secretary w.e.f. 23rd August 2017, this is in contravention of requirements of Companies Act, 2013.

### **Qualified Opinion**

Except as stated in the above paragraph on ‘Basis for Qualified Opinion’, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Emphasis of Matter**

- a. We draw attention to the matter that the company has disposed off its business and undertaking comprising of Plant and Machinery, Land, Equipment, Furniture, fixtures and other assets, however as informed to us management has planning to set up a new pharmaceuticals plant hence going concern assumption considered as hold good.
- b. Company has not carried out actuarial valuation in respect of Gratuity during the year as informed to us the liability of all the employees in respect of gratuity is calculated by company as per payment of Gratuity Act and settled all dues related to gratuity during the year itself.
- c. Books of the Company are seized by Income Tax authorities during the survey proceedings under section 133 A of Income Tax Act, 1961, the audit is conducted on the basis of Xerox copies of Vouchers, purchase bills, sales invoices, copy of ledgers and other documents produced to us.
- d. The Company could not appoint Chief Financial Officer of the company after resignation w.e.f. 04<sup>th</sup> December 2017, however we are informed that the appointment of CFO is under cooling period as mentioned under Section 203 of The Companies Act, 2013.

Our opinion on these financial statements is not modified in respect of these matters.

### **Other Matter**

The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 and transition date opening balance sheet as at 1<sup>st</sup> April 2016 included in these Ind AS financial statements are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the



## KABRA DRUGS LIMITED

predecessor auditor whose report for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016 dated 30.05.2017 and 30.05.2016 respectively expressed an unmodified opinion on those financial statements and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us. Our opinion on these Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except as reported by us in Emphasis of matter above.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except as reported by us in Emphasis of matter above.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rules framed thereunder.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statement – refer note 26 to the Ind AS financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amount required to be transferred to the Investor Education and Protection Fund by the company.

**For Ashok Khasgiwala & Co.**  
**Chartered Accountants**  
**(Firm Reg. No. 000743C)**

Date: 30.05.2018  
Place: Indore

**CA Avinash Baxi**  
**(Partner)**  
M.No. 079722



## KABRA DRUGS LIMITED

### ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Kabra Drugs Limited on the Ind AS financial statements for the year ended 31st March, 2018.

- i. In respect of the Company's fixed assets:
  - a. The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As per information and explanation given to us, the fixed assets have not been physically verified by the management during the year.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has no immovable properties as at the end of the year.
- ii. In respect of its Inventories:

The inventories has not been physically verified by the Management during the year. The company has no inventory as at the year end.
- iii. 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 Act. The company has not granted any loan, made any investments, given any guarantee or provided any security in terms of section 185 and 186 of the Act.
- iv. According to the information and explanations given to us, the Company has not granted loans secured or unsecured to company, firms, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion provisions of para 3 clause (iii) of the order are not applicable to the company.
- v. In our opinion and according to the information and explanations given to us, the Company, has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules, framed there under.
- vi. During the year in our opinion and according to information and explanations given to us, the provisions of para 3 clause (vi) of the said order relating to maintenance of cost records is not applicable to the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is generally regular in depositing undisputed statutory dues except reported in (vii) (b) below, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31,





## KABRA DRUGS LIMITED

(c) 2018 for a period of more than six months from the date they became payable except following :

Name of the Statute	Nature of Liability	Amount in Rs.	Related Period
Central Sales Tax	CST	216011	2014-15
Central Sales Tax	CST	268292	2013-14
Local Sales Tax Act	Entry Tax	79864	2013-14
Local Sales Tax Act	Professional Tax	53590	2016-17
Service Tax Act	Service Tax	75900	2016-17

(d) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty or Value Added Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of the Statute	Nature of Liability	Amount in Rs.	Related Period	Forum where dispute is pending
The Central Excise Act	Excise Duty	4750000	1991-92	High Court, MP

- viii. According to the records of the company examined by us and as per the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government as on the balance sheet date. The Company has not issued any debenture.
- ix. In our opinion and according to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loan during the year hence reporting under clause (ix) of the order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the company by employees or officers has been noticed or reported during the year.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to information and explanation given to us, the company is not a Nidhi Company therefore, the provision of para 3 (xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.



## KABRA DRUGS LIMITED

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- xiv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore the provision of para 3 (xiv) of the Order is not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him during the year, hence the provision of para 3 (xv) of the Order is not applicable to the company.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 therefore, the provision of para 3 (xvi) of the Order is not applicable to the company for the year under audit.

**For Ashok Khasgiwala & Co.**  
**Chartered Accountants**  
**(Firm Reg. No. 0743C)**

Date: 30.05.2018  
Place: Indore

**CA Avinash Baxi**  
**(Partner)**  
M.No. 079722



# KABRA DRUGS LIMITED

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

### **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 Kabra Drugs Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind AS 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 safeguarding 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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the Ind-AS 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 Ind-AS 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 Ind-AS financial statements



## KABRA DRUGS LIMITED

in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind-AS 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, to the best of our information and according to the explanations given to us except for the effects/ possible effects of the matter reported by us in Basis of Qualified Opinion para (a) and (b) and Emphasis of Matter para (b), the Company has, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Ashok Khasgiwala & Co.  
Chartered Accountants  
(Firm Reg. No. 000743C)**

Date: 30.05.2018  
Place: Indore

**CA Avinash Baxi  
(Partner)  
M.No. 079722**



CIN: L02423MP1989PLC005438

BALANCE SHEET AS AT March 31 , 2018

## KABRA DRUGS LIMITED

PARTICULARS		Notes	As at 31, March 2018	As at 31, March 2017	As at 1st April, 2016
<b>I.</b>	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	(a) Property, Plant and Equipment	1	1,117,489	24,844,203	27,274,907
	(b) Capital work-in-progress		-	2,124,834	2,124,932
	(c) Financial Assets				
	Others	2	847,345	795,317	688,388
	(d) Other non-current assets	3	233,098	-	-
	<b>Total Non Current Assets</b>		<b>2,197,932</b>	<b>27,764,354</b>	<b>30,088,227</b>
(2)	<b>Current assets</b>				
	(a) Inventories	4	-	2,231,561	3,186,336
	(b) Financial Assets				
	(i) Trade receivables	5	12,598,091	29,539,316	51,550,442
	(ii) Cash and cash equivalents	6	1,152,065	765,383	769,789
	(iii) Bank balances Other than (ii) above	7	118,994	94,036	94,036
	(iv) Loans	8	798,357	1,003,013	1,072,501
	(v) Others	9	3,500	-	-
	(c) Other current assets	10	94,315	2,476,357	2,856,509
	<b>Total Current Assets</b>		<b>14,765,322</b>	<b>36,109,667</b>	<b>59,529,613</b>
	<b>TOTAL Assets</b>		<b>16,963,254</b>	<b>63,874,021</b>	<b>89,617,840</b>
<b>II.</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>Equity</b>				
	(a) Equity share capital	11	43,886,000	43,886,000	43,886,000
	(b) Other Equity	12	(41,919,857)	(18,353,840)	(19,655,845)
	<b>Total Equity</b>		<b>1,966,143</b>	<b>25,532,160</b>	<b>24,230,155</b>
	<b>LIABILITIES</b>				
(1)	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	Borrowings	13	108,428	10,289,842	11,765,979
	<b>Total Non-Current Liabilities</b>		<b>108,428</b>	<b>10,289,842</b>	<b>11,765,979</b>
(2)	<b>Current liabilities</b>				
	(a) Financial Liability				
	(i) Borrowings	14	6,524,800	6,524,800	6,524,800
	(ii) Trade payables	15	2,078,675	12,772,401	32,469,554
	(iii) Other financial liability	16	4,564,848	5,346,971	3,443,074
	(b) Other current liabilities	17	1,720,359	3,407,847	11,184,278
	<b>Total Current Liabilities</b>		<b>14,888,682</b>	<b>28,052,019</b>	<b>53,621,705</b>
	<b>TOTAL Equity and Liabilities</b>		<b>16,963,254</b>	<b>63,874,021</b>	<b>89,617,840</b>
Notes to accounts forming integral part of the Financial statement		01 to 38			
General company information and Significant accounting policies		A & B			

AS PER OUR REPORT OF EVEN DATE  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

CA AVINASH BAXI  
PARTNER  
M. No. : 079722

SHYAM KABRA  
MANAGING DIRECTOR  
DIN: 00760020

KULDEEP KUMAR AJMERA  
DIRECTOR  
DIN: 07782041

Place : Indore  
Date : 30.05.2018



# KABRA DRUGS LIMITED

CIN: L02423MP1989PLC005438

## Statement of Profit and Loss for the year ended 31st March, 2018

	Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from Operations	18	20,069,782	77,029,066
II	Other Income	19	122,007	1,096,461
III	<b>Total Income ( I+II )</b>		<b>20,191,789</b>	<b>78,125,527</b>
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	20	12,468,519	48,063,954
	Changes in inventories of finished goods	21	305,356	(90,231)
	Employee Benefits Expense	22	11,767,738	8,335,584
	Finance Costs	23	2,518,823	1,689,375
	Excise Duty		2,045,187	947,303
	Depreciation and Amortisation Expense	1	1,371,635	2,430,704
	Other Expenses	24	3,816,635	15,370,311
	<b>Total Expenses (IV)</b>		<b>34,293,893</b>	<b>76,747,000</b>
V	<b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>(14,102,104)</b>	<b>1,378,527</b>
VI	<b>Exceptional Items (Refer Note 34)</b>		(9,463,913)	-
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>(23,566,017)</b>	<b>1,378,527</b>
VIII	<b>Tax expense</b>	25		
	Current Tax		-	76,522
	Deferred Tax		-	-
IX	<b>Profit/(loss) for the period (VII-VIII)</b>		<b>(23,566,017)</b>	<b>1,302,005</b>
X	<b>Other comprehensive income</b>			
a	Items that will not be reclassified to profit or loss		-	-
b	Items that will be reclassified to profit or loss		-	-
XI	<b>Total comprehensive income for the period</b>		<b>(23,566,017)</b>	<b>1,302,005</b>
XII	<b>Earnings per equity share (Fair Value of Rs. 10 per share)</b>	27		
a	Basic		(5.37)	0.30
b	Diluted		(5.37)	0.30
	Notes to accounts forming integral part of the Financial statement	01 to 38		
	General company information and Significant accounting policies	A & B		

AS PER OUR REPORT OF EVEN DATE  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

CA AVINASH BAXI  
Partner  
M. No. : 079722

SHYAM KABRA  
MANAGING DIRECTOR  
DIN: 00760020

KULDEEP KUMAR AJME  
DIRECTOR  
DIN: 07782041

Place : Indore  
Date : 30.05.2018



# KABRA DRUGS LIMITED

CIN: L02423MP1989PLC005438

## Cash Flow Statement for the year ended 31st March, 2018

Particulars		2017-18	2016-17
<b>A. Cash flow from Operating activities</b>			
<b>a. Net Profit/ (Loss) before Tax</b>		(23,566,017)	1,378,527
Adjustment for :			
Depreciation		1,371,635	2,430,704
Finance costs		2,518,823	1,689,375
Interest Received		(85,541)	(176,711)
Excess allowance for doubtful debts reversed		(22,732)	(919,750)
Loss on sale of Fixed assets		9,463,913	-
<b>b. Operating profit/(loss) before working capital changes</b>		<b>(10,319,919)</b>	<b>4,402,145</b>
Adjustment for :			
Trade and Other receivables		19,547,156	23,380,616
Inventories		2,231,561	954,775
Trade and other payables		(12,384,983)	(25,569,687)
<b>c. Cash generated from Operations</b>		<b>(926,186)</b>	<b>3,167,849</b>
Direct Taxes (paid)/Refund		(233,098)	(76,522)
<b>Net Cash Flow from Operating activities</b>		<b>(1,159,284)</b>	<b>3,091,327</b>
<b>B. Cash flow from investing activities</b>			
Purchase of Property, Plant & Equipments		(134,000)	(1)
Sale of Property ,Plant & Equipments		15,150,000	-
Interest Received		33,513	176,711
Change in Bank balances not considered as cash and cash		(24,958)	(106,929)
<b>Net Cash Flow from Investing activities</b>		<b>15,024,555</b>	<b>69,781</b>
<b>C. Cash flow from Financing activities</b>			
Repayment of Borrowings		(10,959,766)	(1,476,138)
Finance costs		(2,518,823)	(1,689,375)
<b>Net Cash flow from Financing activities</b>		<b>(13,478,589)</b>	<b>(3,165,513)</b>
<b>D. Net Increase / (Decrease)in Cash and Cash Equivalent</b>		<b>386,682</b>	<b>(4,405)</b>
Cash and Cash Equivalent at the beginning of the year		765,383	769,789
Cash and Cash Equivalent at the end of the year		1,152,065	765,383
<b>Net Increase / (Decrease)in Cash and Cash Equivalent</b>		<b>386,682</b>	<b>(4,405)</b>
Notes to accounts forming integral part of the Financial statement	01 to 38		
General company information and Significant accounting policies	A & B		

AS PER OUR REPORT OF EVEN DATE  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

CA AVINASH BAXI  
Partner  
M. No. : 079722

SHYAM KABRA  
MANAGING DIRECTOR  
DIN: 00760020

KULDEEP KUMAR AJMEI  
DIRECTOR  
DIN: 07782041

Place : Indore  
Date : 30.05.2018



# KABRA DRUGS LIMITED

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## A. General Information

Kabra Drugs Limited is a private limited company incorporated under The Companies Act, 1956 on 22<sup>nd</sup> August 1989 having its registered office at 270 Shastri Market Indore, MP. Company is presently engaged in the business of merchant trading. The company is a public limited Company and its shares are listed on Bombay stock exchange (BSE).

## B. Basis of Preparation

### (i) Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting standards ("Ind AS") notified, under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules 2016 and the relevant provisions of the Act.

The accounting policies set out in this note have been applied in preparing the financial statements of the Company.

The Company applied Ind AS 101 – First-time Adoption of the Indian Accounting Standards. A statement provides an explanation of how the adoption of Ind AS has impacted on the balance sheet and results of operations of the Company.

### Functional and presentation currency

These separate financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded to the nearest Rupees unless otherwise indicated.

### (ii) Use of Estimates and Judgements

The preparation of financial statements in accordance with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

### (iii) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be measured reliably and there is no continuing effective control/managerial involvement in respect of the revenue activity as described below.





## KABRA DRUGS LIMITED

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### **a. Sale of goods**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer either at the time of dispatch or delivery or when the risk of loss transfers.

Revenue from sales is measured net of returns, trade discounts and volume rebates, Taxes and duties wherever applicable. Further, the revenue amount is adjusted for the time value of money if that contract contains a significant financing component.

The timing of the transfer of control varies depending on the individual terms of the sales agreement.

### **b. Sale of Services**

Revenue from sale of services are recognized when agreed contractual task has been completed or services are rendered.

### **c. Interest and Dividend**

Interest income is recognized on accrual basis using the effective interest method. Dividend income is recognized in profit or loss on the date on which the company's right to receive payment is established.

## **(iv) Inventories**

Inventories are valued at lower of cost and net realisable value on FIFO basis. Cost of inventory comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Scrap is valued at net realizable value.

## **(v) Property, Plant and Equipment**

### **a. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (if any). Freehold land is measured at costs.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, acquisition or construction cost including borrowing costs, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

### **b. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.



## KABRA DRUGS LIMITED

### **c. Transition to Ind AS**

On Transition to Ind AS as on April 1, 2016 the Company has elected to measure its Plant, Property and Equipment at Carrying Value adjusted for additional impacts as per Ind AS, if any. The same are considered as Deemed cost of such Plant, property and Equipment.

### **d. Depreciation**

Depreciation on property, plant and equipment is provided on Straight-line method (SLM) as per the useful life of the assets in the manner as specified in Schedule II to the Companies Act, 2013. The estimated useful life of assets and estimated residual value is taken as prescribed under Schedule II to the Companies Act, 2013.

Depreciation on additions during the year is provided on pro rata basis with reference to date of addition/installation. Depreciation on assets disposed/discarded is charged up to the date on which such asset is sold.

### **(vi) Employee benefits**

#### **a. Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **b. Defined Contribution Plan**

The company's payments to the defined contribution plans are recognized as expenses during the period in which the employees perform the services that payment covers. Defined contribution plan comprise of contribution to the employees' provident fund with government and Employees' State Insurance.

### **(vii) Income Tax**

Income tax expense comprises current tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

#### **a. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **b. Deferred tax**

##### **c.**

Company does not have policy of recognizing deferred tax.



## KABRA DRUGS LIMITED

### **(viii) Borrowing cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Qualifying asset are the assets that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### **(ix) Cash and Cash Equivalent**

In cash flow statement, Cash and cash equivalent includes the cash and Cheques in hand, bank balances, demand deposits with bank and other short term, highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

### **(x) Cash Flow Statement**

Cash flows are reported using indirect method, whereby profit/ (loss) before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flow. The cash flow from operating, investing and financing activities of the company is segregated based on the available information.

### **(xi) Earnings Per Share**

i. Basic earnings per shares is arrived at based on net profit / (loss) after tax available to equity shareholders divided by Weighted average number of equity shares, adjusted for bonus elements in equity shares issued during the year (if any) and excluding treasury shares.

ii. Diluted earnings per shares is calculated by dividing Profit attributable to equity holders after tax divided by Weighted average number of shares considered for basic earning per shares including potential dilutive equity shares.

### **(xii) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and there is reliable estimate of the amount of obligation.

A disclosure for contingent liabilities is made where there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arise from past events where it is not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### **(xiii) Impairment of Non-Financial Assets**

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use).



## KABRA DRUGS LIMITED

The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

### **(xiv) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

#### **a. Financial assets**

##### **Classification**

The Company shall classify financial assets and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss. 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.

##### **Measured at amortised cost**

A financial asset is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

##### **Measured at fair value through other comprehensive income (FVOCI)**

A financial asset is measured at FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.



## KABRA DRUGS LIMITED

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Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

### **Financial Asset at fair value through profit and loss (FVTPL)**

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the group may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- iii. When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.
- iv. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

### **Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:



## KABRA DRUGS LIMITED

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- i. Trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

- ii. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

### **b. Financial liabilities**

#### **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### **Financial liabilities at fair value through profit or loss.**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

#### **Gains or losses on liabilities held for trading are recognised in the profit or loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L.



## KABRA DRUGS LIMITED

However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **c. Derivative financial instruments**

The company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### **(xv) Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values, for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



## KABRA DRUGS LIMITED

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If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



**KABRA DRUGS LIMITED****Statement of Changes in Equity (SOCIE)****CIN: L02423MP1989PLC005438**

<b>a. Equity share capital</b>	<b>March 31, 2018</b>		<b>March 31, 2017</b>		<b>April 1, 2016</b>	
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
Balance at the beginning of the reporting period	4,388,600	43,886,000	4,388,600	43,886,000	4,388,600	43,886,000
Changes in equity share capital during the year						
- Shares issued during the year	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>4,388,600</b>	<b>43,886,000</b>	<b>4,388,600</b>	<b>43,886,000</b>	<b>4,388,600</b>	<b>43,886,000</b>

**b. Other Equity**

<b>Particulars</b>	<b>Reserve &amp; Surplus</b>	<b>Total</b>
	<b>Retained Earning</b>	
<b>Balances as at 1st April , 2016</b>	<b>(19,655,845)</b>	<b>(19,655,845)</b>
Profit for the year	1,302,005	<b>1,302,005</b>
Other comprehensive income (net of tax)	-	-
Received during the year	-	-
<b>Balances as at 31st March 2017</b>	<b>(18,353,840)</b>	<b>(18,353,840)</b>
Profit for the year	(23,566,017)	(23,566,017)
Other comprehensive income (net of tax)	-	-
<b>Balances as at 31st March 2018</b>	<b>(41,919,857)</b>	<b>(41,919,857)</b>

Notes to accounts, General company information and significant accounting policies forming an integral part of the financial statement

**AS PER OUR REPORT OF EVEN DATE**  
**FOR ASHOK KHASGIWALA & CO.**  
**CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

**CA AVINASH BAXI**  
**Partner**  
**M. No. : 079722**

**SHYAM KABRA**  
**MANAGING DIRECTOR**  
**DIN: 00760020**

**KULDEEP KUMAR AJMERA**  
**DIRECTOR**  
**DIN: 07782041**

Place : Indore  
Date : 30.05.2018



## KABRA DRUGS LIMITED

Notes forming an integral part to Financial Statements for the year ended on 31st March 2018

### Note 1 : PROPERTY ,PLANT AND EQUIPMENT

	Land- Freehold	Building	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>(A) Gross carrying amount</b>							
As at 01 April, 2016	169,985	5,794,602	19,442,385	4,205	121,108	1,742,621	27,274,906
Additions	-	1	-	-	-	-	1
Disposals	-	-	-	-	-	-	-
Other Adjustments							-
As at 31 March, 2017	169,985	5,794,603	19,442,385	4,205	121,108	1,742,621	27,274,907
Additions					134,000		134,000
Disposals	169,985	5,794,603	19,442,385	4,205	255,108		25,666,286
Other Adjustments							-
As at 31 March, 2018	-	-	-	-	-	1,742,621	1,742,621
<b>(B) Accumulated Depreciation &amp; Impairment</b>							
As at 1st April 2016	-	-	-	-	-	-	-
Depreciation for the year 2016-17	-	255,690	1,853,806	-	8,642	312,566	2,430,704
Disposals	-	-	-	-	-	-	-
As at 31 March, 2017	-	255,690	1,853,806	-	8,642	312,566	2,430,704
Depreciation for the year 2017-18		127,845	926,903		4,321	312,566	1,371,635
Disposals	-	383,535	2,780,709	-	12,963	-	3,177,207
As at 31 March, 2018	-	-	-	-	-	625,132	625,132
<b>Net Carrying Value</b>							
As at 1 April 2016	169,985	5,794,603	19,442,385	4,205	121,108	1,742,621	27,274,907
As at 31 March 2017	169,985	5,538,913	17,588,579	4,205	112,466	1,430,055	24,844,203
As at 31 March, 2018	-	-	-	-	-	1,117,489	1,117,489

**Notes forming an integral part to Financial Statements for the year ended on 31st March 2018**

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Note 2 : OTHER FINACIAL ASSETS-NON-CURRENT</b>			
Interest accrued on fixed deposit	52,028	-	-
Earmarked Balance with Banks in Deposit Accounts having maturity over 12 months	795,317	795,317	688,388
<b>TOTAL</b>	<b>847,345</b>	<b>795,317</b>	<b>688,388</b>
<b>Note 3 : OTHER NON-CURRENT ASSETS</b>			
Current Tax (Net)	233,098	-	-
<b>TOTAL</b>	<b>233,098</b>	<b>-</b>	<b>-</b>
<b>Note 4 : INVENTORIES</b> (At Lower of Cost and Net Realisable Value )			
(i) Raw Materials	-	1,760,250	2,705,256
(ii) Packing material	-	165,955	265,955
(iii) Finished Goods	-	305,356	215,125
<b>TOTAL</b>	<b>-</b>	<b>2,231,561</b>	<b>3,186,336</b>
<b>Note:</b> The cost of inventories recognised as an expense include INR Nil (Previous year INR Nil, as at 1st April 2016 INR Nil) in respect of written down inventory to net realisable value.			
<b>Note 5 : TRADE RECEIVABLES</b>			
Unsecured Considered good	12,598,091	29,539,316	51,550,442
Unsecured Considered doubtful	1,150,906	1,173,638	2,093,389
Less: Allowance for bad and doubtful debts	1,150,906	1,173,638	2,093,389
<b>TOTAL</b>	<b>12,598,091</b>	<b>29,539,316</b>	<b>51,550,442</b>
<b>Note 6 : CASH &amp; CASH EQUIVALENTS</b>			
Balances with Banks			
(i) In Current Accounts	933,784	376,471	281,110
Cash on hand	218,281	388,912	488,679
<b>TOTAL</b>	<b>1,152,065</b>	<b>765,383</b>	<b>769,789</b>
<b>Note 7 :BANK BALANCE OTHER THAN CASH &amp; CASH EQUIVALENTS ABOVE</b>			
Earmarked Balances with Banks In Deposits accounts having maturity of 3-12 months	118,994	94,036	94,036
<b>TOTAL</b>	<b>118,994</b>	<b>94,036</b>	<b>94,036</b>
<b>Note 8 : LOANS -CURRENT</b>			
Unsecured, considered good			
Security Deposits	798,357	1,003,013	1,072,501
<b>TOTAL</b>	<b>798,357</b>	<b>1,003,013</b>	<b>1,072,501</b>
<b>Note 9 : OTHER FINANCIAL ASSETS-CURRENT</b>			
Other recievables	3,500	-	-
<b>TOTAL</b>	<b>3,500</b>	<b>-</b>	<b>-</b>
<b>Note 10 : OTHER CURRENT ASSETS</b>			
Balance with Government Authority	68,004	2,344,357	2,674,509
Advance to supplier	26,311	132,000	182,000
<b>TOTAL</b>	<b>94,315</b>	<b>2,476,357</b>	<b>2,856,509</b>



## KABRA DRUGS LIMITED

Notes forming an integral part to Financial Statements for the year ended on 31st March 2018

	As at 31st March, 2018
<b>Note 11 : EQUITY SHARE CAPITAL</b>	
<b>Authorised shares</b>	
50,00,000 (Previous Year : 50,00,000, as at 1st April 2016 50,00,000)	
Equity shares of Rs.10 Each	50,000,000
	<b>50,000,000</b>
<b>Issued, subscribed and fully paid</b>	
43,88,600 (Previous Year : 43,88,600, as at 1st April 2016, 43,88,600)	
Equity shares of Rs.10 Each	43,886,000
<b>GRAND TOTAL</b>	<b>43,886,000</b>

### 11.1 Reconciliation of number of Equity Shares and amount outstanding :

Particulars	As at 31 Mar-2018		As at 31 Mar-2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning of the year	4,388,600	43,886,000	4,388,600	43,886,000
Add : Issued during the year				-
Equity Shares at the end of the year	4,388,600	43,886,000	4,388,600	43,886,000

### 11.2 Terms / Rights attached to Equity Shares :

The company has only one class of equity shares having a par value of Rs. 10 per share . Each shareholder is eligible for one vote per share. The dividend is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

### 11.3 Equity Shareholders holding more than 5% equity shares:

Name of the Shareholder	As at 31 Mar-2018		As at 31 Mar-2017	
	No. of Shares	%	No. of Shares	%
Mr. Shyam kabra	480700	10.95	480700	10.95
Mrs. Kusum kabra	345500	7.87	345500	7.87
Mr. Ayush kabra	222000	5.06	222000	5.06
Miss. Khushboo kabra	0	0.00	0	0.00

**11.4** For the period of five years immediately preceding the date at which the Balance Sheet is prepared i.e. 31st March, 2018, the company has not contract(s) without payment being received in cash and bought back any shares/class of shares.

<b>Note 12 : Other Equity</b>			
<b>Reserves and Surplus</b>			
<b>Retained Earnings</b>			
Balance as at the beginning of the year	(18,353,840)	(19,655,845)	(17,836,933)
Add: Adjustments on Account of IND AS Charged to Retained Earnings	-	-	(2,093,389)
Add: Net Profit/(Loss) for the period	(23,566,017)	1,302,005	274,477
<b>GRAND TOTAL</b>	<b>(41,919,857)</b>	<b>(18,353,840)</b>	<b>(19,655,845)</b>
<b>Note 13 : BORROWINGS- NON CURRENT</b>			
<b>Secured</b>			
<b>Term Loan</b>			
From Banks (Refer note (i) below)	517,584	536,194	1,003,114
From Financial Institution (Refer note (ii) below)	-	10,941,156	11,806,773
Less: Current Maturity	(409,156)	(1,187,508)	(1,043,908)
<b>GRAND TOTAL</b>	<b>108,428</b>	<b>10,289,842</b>	<b>11,765,979</b>
<b>Note:</b>			
(i) Loans have exclusive charge/ Hypothecation on the assets (acquired funded by ICICI bank			
Sanction Limit Rs. 1000000 from ICICI Bank outstanding Rs 381734 (Pre. Yr. 393240, as at 1st April ,2016 Rs. 653280 ) is repayable in 60 equal monthly instalments (including interest) of Rs. 21670 each , Commencing from December 2014 and last instalment due in November 2019. Rate of interest 10.85% (Pre. Yr 10.85% as at 1st April 2016 10.85%) p.a. at the year end.			
Sanction Limit Rs. 400000 from ICICI Bank outstanding Rs 83390 (Pre. Yr. 88717, as at 1st April ,2016 Rs. 192157 ) is repayable in 60 equal monthly instalments (including interest) of Rs. 8620 each , Commencing from April 2014 and last instalment due in February 2019. Rate of interest 11.01% (Pre. Yr 11.01% as at 1st April 2016 11.01%) p.a. at the year end.			
Sanction Limit Rs. 391380 from ICICI Bank outstanding Rs 52460 (Pre. Yr. 54237, as at 1st April ,2016 Rs. 157677 ) is repayable in 60 equal monthly instalments (including interest) of Rs. 8620 each , Commencing from December 2013 and last instalment due in October 2018. Rate of interest 11.01% (Pre. Yr 11.01%, as at 1st April 2016 11.01%) p.a. at the year end.			
(ii) Term loan from Religare Finvest Limited is secured by way of hypothecation of equitable mortgage of Property situated at Plot No. 26 with construction thereon at industrial area Sector A Sanwer Road Indore 452001. The loan is personally guaranteed by the Directors.This charge is satisfied during the year. The repayment schedule and rate of interest is as under:			
Term Loan having Sanction Limit Rs. 15100000, outstanding Nil (Pre. Yr Rs.10941156 ,as at 1st April 2016 Rs. 11806773), is repayable in 120 equal monthly instalments of Rs. 236727 each. Commencing from February 2015 and last instalment due in July 2025. Rate of interest as at year end 14.25% p.a. (Pre. Yr 14.25% ,as at 1st April 2016 14.25%).			
<b>Note 14 : BORROWINGS- CURRENT</b>			
<b>Unsecured</b>			
Inter corporate deposits	6,524,800	6,524,800	6,524,800
<b>GRAND TOTAL</b>	<b>6,524,800</b>	<b>6,524,800</b>	<b>6,524,800</b>
<b>Note 15 : TRADE PAYABLE</b>			
Due to Micro, Small and Medium Enterprises (Refer note below)	-	-	-
Due to others	2,078,675	12,772,401	32,469,555
<b>GRAND TOTAL</b>	<b>2,078,675</b>	<b>12,772,401</b>	<b>32,469,555</b>
<b>Note:</b>			
There are no overdue amounts to Micro, Small and Medium Enterprises as at the year end, for which requirement under the MSMED Act 2006, are applicable			
<b>Note 16 : OTHER FINANCIAL LIABILITY -CURRENT</b>			
Current maturities of long-term debt	409,156	1,187,508	1,043,908
Other Liabilities	4,155,692	4,159,463	2,399,166
<b>GRAND TOTAL</b>	<b>4,564,848</b>	<b>5,346,971</b>	<b>3,443,074</b>
<b>Note 17 : OTHER CURRENT LIABILITY</b>			
Statutory Dues	786,533	1,278,440	1,043,360
Advance from Customers	933,826	2,129,407	10,140,918
<b>GRAND TOTAL</b>	<b>1,720,359</b>	<b>3,407,847</b>	<b>11,184,278</b>



## KABRA DRUGS LIMITED

Notes forming an integral part to Financial Statements for the year ended on 31st March 2018

Notes forming an integral part to Financial Statements for the year ended on 31st March 2018			For the year ended March 31,2018	For the year ended March 31,2017
Particulars				
Note 18 : REVENUE FROM OPERATIONS				
Sales of products ( including excise duty)			20,069,782	77,029,066
GRAND TOTAL			20,069,782	77,029,066
Note 19 : OTHER INCOME				
Interest Received			85,541	176,711
Allowance for doubtful debts reversed			22,732	919,750
Misc Income			13,734	-
GRAND TOTAL			122,007	1,096,461
Note 20 : COST OF MATERIAL CONSUMED				
Raw Material Consumed			11,472,623	41,476,651
Packing Material consumed			995,896	6,587,303
GRAND TOTAL			12,468,519	48,063,954
Imported and Indegeneous Raw materials cosumed:				
Particulars	31st March 2018	%	31st March 2017	%
Imported	-	-	-	-
Indigenous	11,472,623	100	41,476,651	100
	11,472,623	100	41,476,651	100
Imported and Indegeneous Packing materials cosumed:				
Particulars	31st March 2018	%	31st March 2017	%
Imported	-	-	-	-
Indigenous	995,896	100	6,587,303	100
	995,896	100	6,587,303	100
Note 21 : CHANGES IN INVENTORIES OF FINISHED GOODS				
Finished goods				
Opening Stock			305,356	215,125
Closing Stock			-	305,356
GRAND TOTAL			(305,356)	(90,231)
Note 22 : EMPLOYEE BENEFITS EXPENSES				
Salary, Wages and Other Benefits			11,372,965	7,556,989
Contribution to Provident and Other Funds			346,486	697,573
Staff Welfare expenses			48,287	81,022
GRAND TOTAL			11,767,738	8,335,584
Note 23 : FINANCE COSTS				
Interest Expense			2,518,823	1,689,375
GRAND TOTAL			2,518,823	1,689,375
Note 24 : OTHER EXPENSES				
Stores & Chemicals Consumed			95,402	670,406
Power and Fuel			1,070,121	1,839,473
Repairs and Maintenance				
Of Buildings			20,250	242,067
Of Others			13,438	101,755
Insurance			32,505	93,473
Rates and Taxes			135,112	731,573
Bank Charges			6,370	25,961
Telephone & Internet Expenses			20,453	46,410
Legal & Professional Expenses			459,387	1,001,998
Freight & forwarding (net of recoveries)			5,639	710,257
Bad Debts			629,370	5,532,421
Travelling & conveyance			300,116	345,335
Incineration charges			231,232	1,938,454
Donations			-	5,000
Miscellaneous Expenses			797,240	2,085,728
GRAND TOTAL			3,816,635	15,370,311

**Note 25 : Tax Expenses****A. Tax expenses recognised in the statement of Profit & Loss****Current Tax**

in respect of current year

**Total Current Tax****Deferred Tax**

in respect of current year

Total Deferred income tax expense/(credit)

**Total income tax expense/(credit)****Income**

Items that will not be reclassified to Profit or Loss

Items that will be reclassified to Profit or Loss

(B) Total

**Total Tax expenses for the year (A+B)**

A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows:

**Profit before tax**

Applicable Tax Rate

income tax as per above rate

Adjustments for taxes for

Expense not deductible for tax purposes

Additional Allowance

Others

**Income tax as per statement of profit and loss**

The movement in Deferred tax assets and liabilities during the year ended March 31, 2017 and march 31, 2018

-	76,522
-	<b>76,522</b>
-	-
-	-
-	<b>76,522</b>

For the Year ended March 31, 2018	For the Year ended March 31, 2017
-----------------------------------	-----------------------------------

-	-
-	-
-	-

-	<b>76,522</b>
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<b>(14,102,104)</b>	<b>1,378,527</b>
30.9%	30.9%
-	425,965
-	(284,203)
-	(60,395)
-	(4,876)
-	<b>76,491</b>

-	-
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# KABRA DRUGS LIMITED

## Notes forming an integral part of the financial statement

### 26. Contingent liabilities and commitments (to the extent not provided for)

Hon'ble M.P. has given probable liability under sales tax and excise acts on purchase of denatured spirit relating to 1991-1992. High court has granted a stay for Rs. 47,50,000 i.e., estimated amount due.

### 27. Earning per share

	<u>2017-18</u>	<u>2016-17</u>
Nominal value per Equity Share (Rs.)	10	10
Profit/ (Loss) after Tax (Rs.)	(2,35,66,016)	13,02,003
Weighted Avg. No. of Equity Shares	4388600	4388600
Basic and diluted Earning per Share (Rs.)	(5.37)	0.30

28. In the opinion of the Board of Directors the current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which these are stated and that the provision for known liabilities is adequate and not in excess of the amount reasonably necessary.

### 29. RELATED PARTY DISCLOSURES

#### i. RELATIONSHIPS

##### a. Key Management Personal;

Mr. Shyam Kabra	Managing Director
Mr Kuldeep Kumar Ajmera	Director
Mrs. Kusum Kabra	Whole Time Director
Mr. Mahendra Singh Madloi	Director (Up to 24.10.2017)
Mr. Arvind Paol	Chief Financial Officer (up to 14.12.2017)
Ms. Anchal Kabra	Company Secretary (up to 14.09.2017)

##### b. Entities where Key Management personnel & their relatives have significant influence and there are transactions during the year:

Mr. Ayush Kabra	Son of Director
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Note: Related party relationship are as identified by the Company and relied upon by the Auditors.

#### A) Transactions carried out with related parties Referred in above

Nature of Transaction	Related parties referred in 2017-18	Related parties referred in 2016-17
<b>Director's Remuneration:</b>		
Mr. Shyam Kabra	900000	900000
Mr. Mahendra Singh Mandloi	153150	309000
Mrs. Kusum Kabra	600000	600000
Mr. Kuldeep Kumar Ajmera	21000	NIL
Mr. Arvind Paol	198675	264900
Ms. Anchal Kabra	108000	198000
<b>Salary:</b>		
Mr. Ayush Kabra	480000	480000





## KABRA DRUGS LIMITED

### 30. Payment to Auditors

For Audit Fees	60000	75000
For Tax Audit Fees		20000
For Limited Review	15000	35000

### 31. Earning and Expenditure in foreign currency

Earning in foreign currency	NIL	NIL
Expenditure in Foreign Currency	NIL	NIL

### 32. Segment Reporting

Company is mainly engaged in manufacturing and trading of pharma products and no other business is carried on by the company, all the business activity located in India, hence segment reporting as required by Ind AS 108 – Operating Segment is not required.

33. During the year company has disposed off its whole business and undertaking comprising of Plant and Machinery, Land, Equipments Furniture, fixtures and other tangible assets, to M/s Vava Extrusion and Irrigation Technique on 01.02.2018. The company is planning to set up a new pharmaceuticals plant hence going concern assumption hold good.

34. Exceptional item represents Rs. 9463913 loss on sale of tangible assets of undertaking sold during the year.

38. Previous year's figures are regrouped or re arranged wherever considered necessary to make them comparable with current year's figures.

**AS PER OUR REPORT OF EVEN DATE  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF BOARD OF  
DIRECTORS**

**CA AVINASH BAXI  
PARTNER  
M. No. 079722**

**SHYAM KABRA  
Managing Director  
DIN- 00760020**

Place: Indore  
Date: 30/05/2018

**KULDEEP KUMAR AJMERA  
Director  
DIN-07782041**



## KABRA DRUGS LIMITED

### **Note 35: First time adoption of Ind AS**

For the purposes of reporting as set out in Note A - B, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note B have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the "transition date").

#### **Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS :

#### **Ind AS Optional Exemptions :**

##### **Deemed Cost**

IND AS 101 permits to measure all its property, plant and equipment at their previous GAAP carrying value i.e. being deemed cost represented by Gross Block reduced by accumulated depreciation on 1st April 2016

##### **Fair value of financial assets and liabilities**

The Company has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transaction cost less allowances for impairment, if any. Under Ind AS, these financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to Ind AS, the requirement of initial recognition at fair value is applied prospectively.

##### **Ind AS mandatory exceptions**

##### **Estimates**

The estimates at 1st April, 2016 and at 31st March, 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustment to reflect any differences if any, in accounting policies) unless there is objective evidence that those estimates were in error.

##### **Classification and measurement of financial assets**

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

##### **De recognition of financial assets & financial liabilities**

The company has elected to apply the derecognition requirements for financial assets & financial liabilities in accordance with Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

In preparing our opening Ind AS balance sheet, we have made certain adjustments to amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Refer to the Effect of IND-AS on the Financial Statements



## KABRA DRUGS LIMITED

### 35.1 Reconciliation of Equity as at 1st April 2016 (date of transition)

Impact of Ind AS adoption on the balance sheet as at 31st March 2017 and 1st April, 2016

PARTICULARS		Note	As at 1st April 2016 (End of last period presented under previous GAAP)			As at 31st March, 2017 (Date of Transition)		
			Previous GAAP	Effect of Transition to IND AS (Including Reclassification)	Ind AS	Previous GAAP	Effect of Transition to IND AS (Including Reclassification)	Ind AS
<b>I.</b>	<b>ASSETS</b>							
(1)	<b>Non-current assets</b>	1						
	(a) Property, Plant and Equipment		27,274,907	-	27,274,907	24,844,203	-	24,844,203
	(b) Capital work-in-progress		2,124,932	-	2,124,932	2,124,834	-	2,124,834
	(c) Financial Assets							
	(i) Others		688,388	-	688,388	795,317	-	795,317
	(d) Other non-current assets		-	-	-	-	-	-
			<b>30,088,227</b>	<b>-</b>	<b>30,088,227</b>	<b>27,764,354</b>	<b>-</b>	<b>27,764,354</b>
(2)	<b>Current assets</b>	2						
	(a) Inventories		3,186,336	-	3,186,336	2,231,561	-	2,231,561
	(b) Financial Assets							
	(i) Trade receivables		53,643,831	(2,093,389)	51,550,442	30,712,954	(1,173,638)	29,539,316
	(ii) Cash and cash equivalents		769,789	-	769,789	765,383	-	765,383
	(iii) Bank balances Other than (ii) above		94,036	-	94,036	94,036	-	94,036
	(iv) Loans		-	1,072,501	1,072,501	-	1,003,013	1,003,013
	(c) Other current assets		3,929,010	(1,072,501)	2,856,509	3,479,370	(1,003,013)	2,476,357
			<b>61,623,002</b>	<b>(2,093,389)</b>	<b>59,529,613</b>	<b>37,283,304</b>	<b>(1,173,638)</b>	<b>36,109,666</b>
	<b>TOTAL Assets</b>		<b>91,711,229</b>	<b>(2,093,389)</b>	<b>89,617,840</b>	<b>65,047,658</b>	<b>(1,173,638)</b>	<b>63,874,020</b>
<b>II.</b>	<b>EQUITY AND LIABILITIES</b>							
	Equity							
	(a) Equity share capital		43,886,000	-	43,886,000	43,886,000	-	43,886,000
	(b) Other Equity		(17,562,456)	(2,093,389)	(19,655,845)	(17,180,202)	(1,173,638)	(18,353,840)
			<b>26,323,544</b>	<b>(2,093,389)</b>	<b>24,230,155</b>	<b>26,705,798</b>	<b>(1,173,638)</b>	<b>25,532,160</b>
	<b>LIABILITIES</b>							
(1)	<b>Non-Current Liabilities</b>							
	(a) Financial Liabilities							
	(i) Borrowings		11,765,979	-	11,765,979	10,289,842	-	10,289,842
			<b>11,765,979</b>	<b>-</b>	<b>11,765,979</b>	<b>10,289,842</b>	<b>-</b>	<b>10,289,842</b>
(2)	<b>Current liabilities</b>							
	(a) Financial Liability							
	(i) Borrowings		6,524,800	-	6,524,800	6,524,800	-	6,524,800
	(ii) Trade payables		32,469,554	-	32,469,554	12,772,400	-	12,772,400
	(iii) Other financial liability		-	3,443,074	3,443,074	-	5,346,971	5,346,971
	(b) Other current liabilities		14,627,352	(3,443,074)	11,184,278	8,754,818	(5,346,971)	3,407,847
			<b>53,621,706</b>	<b>-</b>	<b>53,621,706</b>	<b>28,052,018</b>	<b>-</b>	<b>28,052,018</b>
	<b>TOTAL Equity and Liabilities</b>		<b>91,711,229</b>	<b>(2,093,389)</b>	<b>89,617,840</b>	<b>65,047,658</b>	<b>(1,173,638)</b>	<b>63,874,020</b>
			-	-	-	-	-	-

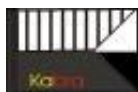


## KABRA DRUGS LIMITED

### 35.2 Reconciliation of total comprehensive income for the year ended 31st March 2017

#### Impact of Ind AS adoption on the Profit & loss for the year ending 31st March 2017

Particulars	Note no.	Previous GAAP	Effect of Transition to Ind AS (including reclassifications)	Ind AS
Revenue from Operations		77,029,066	-	77,029,066
Other Income	2	176,711	919,750	1,096,461
<b>Total Income ( I+II )</b>		<b>77,205,777</b>	<b>919,750</b>	<b>78,125,527</b>
<b>EXPENSES</b>				
Cost of Materials Consumed		48,063,954	-	48,063,954
Changes in inventories of finished goods		(90,231)	-	(90,231)
Employee Benefits Expense		8,335,584	-	8,335,584
Finance Costs		1,689,375	-	1,689,375
Excise Duty		947,303	-	947,303
Depreciation and Amortisation Expense		2,430,704	-	2,430,704
Other Expenses		15,370,313	-	15,370,313
<b>Total Expenses (IV)</b>		<b>76,747,002</b>	<b>-</b>	<b>76,747,002</b>
<b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>458,775</b>	<b>919,750</b>	<b>1,378,525</b>
<b>Exceptional Items (Refer Note</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss) before tax (V-VI)</b>		<b>458,775</b>	<b>919,750</b>	<b>1,378,525</b>
<b>Tax expense</b>				
Current Tax		76,522	-	76,522
Deferred Tax		-	-	-
<b>Profit/(loss) for the period (VII-VIII)</b>		<b>382,253</b>	<b>919,750</b>	<b>1,302,003</b>
<b>Other comprehensive income</b>				
a Items that will not be reclassified to profit or loss		-	-	-
b Items that will be reclassified to profit or loss		-	-	-
<b>Total comprehensive income for the period</b>		<b>382,253</b>	<b>919,750</b>	<b>1,302,003</b>



## KABRA DRUGS LIMITED

### 35.3 Reconciliation of Total equity as at 31st March, 2017 and 01 April, 2016

Reconciliation of total Equity for the year ended	Note	As at 31 March 2017	As at 1st April 2016
Total Equity (Shareholder's Fund under Previous GAAP)		26705802	26323549
Provision for Doubtful Debts	2	1173638	2093389
<b>Equity as per Ind AS</b>		<b>25532164</b>	<b>24230160</b>

### 35.4 Reconciliation of total comprehensive income for the year ended 31st March 2017

Reconciliation of total Equity for the Year ended	Note	For the year ended 31st March, 2017
Profit as per Previous GAAP		382253
Allowance for Doubtful Debts reversed	2	919750
<b>Profit for the year as per Ind AS</b>		<b>1302003</b>

### 35.5 Impact of Ind AS Adoption on the statements of cash flows ended 31st March, 2017

Particulars	Previous GAAP	Effect of Transition to Ind AS	Ind AS
Net Cash flow from operating activities	3091327	0	3091327
Net Cash flow from investing activities	69781	0	69781
Net Cash flow from financing activities	-3165513	0	-3165513
Net increase/ (decrease) in cash and cash equivalents	-4405	0	-4405
cash and cash equivalents as at 1 April 2016	769789	0	769789
cash and cash equivalents as at 31 March 2017	765383	0	765383

#### Note on first time adoption

**1. Property, Plant & Equipment :** On the date of transition i.e. 1st April, 2016 the company has elected to measure all its property ,plant and equipment at their previous GAAP carrying value i.e. being deemed cost.

**2. Trade Receivable :** The company measures recovery of debtors on Expected Credit Loss Model. The difference between the present value and carrying amount is recognized in retained earnings as on transition date i.e. 1st April, 2016.

**Note 36 'Financial risk management objectives and policies**

In its ordinary operations, the companies activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The company has a risk management policy which covers the foreign exchanges risks and other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The following is the summary of the main risks:

**a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rate risk), will affect the companies income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**i) Interest rate risk**

Interest rate risk is the risk the the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk of changes in fair value of fixed interest bearing financial instrument because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing financial instrument will fluctuate because of fluctuations in the interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the borrowing from banks. Currently company is not using any mitigating factor to cover the interest rate risk.

Particulars	For the Year ended 31st March 2018	For the Year Ended 31st March 2017	For the Year Ended 1st April 2016
<b>Interest rate risk exposure</b>			
Borrowings from banks & Financial Institutions	517,584	11,477,350	12,809,887
<b>Total borrowings</b>	<b>517,584</b>	<b>11,477,350</b>	<b>12,809,887</b>

**Interest rate sensitivity**

The sensitivity analysis below have been determined based on exposure to interest rates for borrowing at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of term loans that have floating rates. If the interest rates had been 1% higher or lower and all the other variables were held constant, the effect on Interest expense for the respective financial years and consequent effect on companies profit in that financial year would have been as below:

Particulars	For the Year ended 31st March 2018	For the Year Ended 31st March 2017
Impact on Profit or Loss for the year decrease	5,176	114,774
Impact on Profit or Loss for the year Increase	-5,176	-114,774

**ii) Foreign currency risk**

The Company has no dealings in Foreign Currency and has no exposure to Foreign currency

**(b) Credit risk**

Credit risk is the risk that arises from the possibility that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial assets that are subject to such risk, principally consist of trade receivables, Investments and loans and advances. None of the financial instruments of the company results in material concentration of credit risk.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date.

**Trade and other receivables**

To Manage trade and other receivables, the company periodically assesses the financial reliability of customers, taking in to account the financial conditions, economic trends, analysis to historical bad debts and ageing of such receivables.

The ageing analysis of the trade receivables has been considered from the date the invoice falls due

Particular	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Up to 6 months	-	16,895,421	31,472,380
More then 6 months	13,748,997	13,817,532	22,171,453
<b>Total</b>	<b>13,748,997</b>	<b>30,712,953</b>	<b>53,643,833</b>

The following table summarizes the change in the loss allowances measured using expected credit loss

Particulars	Amount
<b>Balance as at 1st April, 2016</b>	2,093,389
Provided during the year	-
Reversed during the year	919,751
<b>Balance as at 31st March, 2017</b>	1,173,638
Provided during the year	-
Reversed during the year	22,732
<b>Balance as at 31st March, 2018</b>	1,150,906

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company has obtained fund and non-fund based working capital lines from various banks. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, process and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Expected contractual maturity for derivative and non derivative Financial Liabilities:

Fig in INR Lakhs

Particulars	Less than 1 year	1 to 5 years	>5 years	Total
<b>As at 31st March, 2018</b>				
<b>Non Derivative Financial Liabilities</b>				
Borrowings	6,933,956	108,428	-	<b>7,042,384</b>
Trade payables	2,078,675	-	-	<b>2,078,675</b>
Other financial liabilities	4,155,692	-	-	<b>4,155,692</b>
<b>Total</b>	<b>6,234,367</b>	<b>108,428</b>	-	<b>6,342,795</b>
<b>Derivative Financial Liabilities</b>				
Forward Contract outstanding	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 31st March, 2017</b>				
<b>Non Derivative Financial Liabilities</b>				
Borrowings	7,712,308	5,882,966	4,406,876	<b>18,002,150</b>
Trade payables	12,772,401	-	-	<b>12,772,401</b>
Other financial liabilities	4,159,463	-	-	<b>4,159,463</b>
<b>Total</b>	<b>16,931,864</b>	<b>5,882,966</b>	<b>4,406,876</b>	<b>27,221,706</b>
<b>Derivative Financial Liabilities</b>				
Forward Contract outstanding	=	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 1st April, 2016</b>				
<b>Non Derivative Financial Liabilities</b>				
Borrowings	7,568,708	5,651,008	6,114,971	<b>19,334,687</b>
Trade payables	32,469,555	-	-	<b>32,469,555</b>
Other financial liabilities	2,399,166	-	-	<b>2,399,166</b>
<b>Total</b>	<b>34,868,721</b>	<b>5,651,008</b>	<b>6,114,971</b>	<b>46,634,700</b>
<b>Derivative Financial Liabilities</b>				
Forward Contract outstanding	-	-	-	-
<b>Total</b>	-	-	-	-

#### Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stake holders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders (buy back its shares) or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2018 and 31st March, 2017.

#### Gearing Ratio:

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Debt (Refer Notes 13 and 14)	7,042,384	18,002,150	19,334,687
Cash and cash equivalent (Refer Note 6)	1,152,065	765,383	769,789
<b>Adjusted net Debt</b>	<b>5,890,319</b>	<b>17,236,767</b>	<b>18,564,898</b>
Total Equity	1,966,143	25,532,160	24,230,155
<b>Net Debt to equity ratio</b>	<b>3.00</b>	<b>0.68</b>	<b>0.77</b>

**Note 37 Financial Instruments by Category and fair value heirarchy**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

As 31st March 2018	Fair Value Measurement			Fair Value hierarchy		
Particulars	FVTPL	FVTOCI	Amortised Cost	Level-1	Level-2	Level-3
<b>Financial assets</b>						
Cash and cash equivalents			1,152,065			
Bank balances other than cash and cash equivalents			118,994			
Trade Receivables			12,598,091			
Loans			798,357			
Other financial assets			850,845			
<b>Total</b>	-	-	<b>15,518,352</b>	-	-	-
<b>Financial liabilities</b>						
Borrowings			7,042,384			
Trade Payables			2,078,675			
Other financial liability			4,155,692			
<b>Total</b>	-	-	<b>13,276,751</b>	-	-	-

As 31st March 2017	Fair Value Measurement			Fair Value hierarchy		
Particulars	FVTPL	FVTOCI	Amortised Cost	Level-1	Level-2	Level-3
<b>Financial assets</b>						
Cash and cash equivalents			765,383			
Bank balances other than cash and cash equivalents			94,036			
Trade Receivables			29,539,316			
Loans			1,003,013			
Other financial assets			795,317			
<b>Total</b>	-	-	<b>32,197,065</b>	-	-	-
<b>Financial liabilities</b>						
Borrowings			18,002,150			
Trade Payables			12,772,401			
Other financial liability			4,159,463			
<b>Total</b>	-	-	<b>34,934,014</b>	-	-	-

As 1st April 2016	Fair Value Measurement			Fair Value hierarchy		
Particulars	FVTPL	FVTOCI	Amortised Cost	Level-1	Level-2	Level-3
<b>Financial assets</b>						
Cash and cash equivalents			769,789			
Bank balances other than cash and cash equivalents			94,036			
Trade Receivables			51,550,442			
Loans			1,072,501			
Other financial assets			688,388			
<b>Total</b>	-	-	<b>54,175,156</b>	-	-	-
<b>Financial liabilities</b>						
Borrowings			19,334,687			
Trade Payables			32,469,555			
Other financial liability			2,399,166			
<b>Total</b>	-	-	<b>54,203,408</b>	-	-	-

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Ind AS. An explanation for each level is given below.

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.





# KABRA DRUGS LIMITED

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## ATTENDANCE SLIP

**CIN: L02423MP1989PLC005438**

**Registered Office:** 270 Shastri Market, Indore – 452 007 (M.P)

(Please complete this attendance slip and hand it over at the entrance of the hall)

I hereby record my presence at Twenty Ninth Annual General Meeting of the Company on Saturday the 11<sup>th</sup> August , 2018 at 11:00 A.M at 270 Shastri Market, Indore – 452 007.

Folio No. /DP ID-Client ID: .....

Full Name of the Shareholder in (Block Letters): .....

No. of Shares held: .....

Name of Proxy (if any) in the (Block Letters): .....

Signature of the Shareholder/Proxy/Representative\*

\*Strike out whichever is not applicable

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### Note:

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting venue. Attendance slips shall also be issued at the venue.
2. Electronic copy of the Annual Report for the year ended March 31, 2018 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual report for the year ended March 31, 2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode (s) to all members whose email id is not registered or have requested for a hard copy.



# KABRA DRUGS LIMITED

## PROXY FORM CIN: L02423MP1989PLC005438

**Registered Office:** 270 Shastri Market, Indore – 452 007 (M.P.)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN	L02423MP1989PLC005438		
Name of Company	<b>KABRA DRUGS LIMITED</b>		
Registered Office	270 SHASTRI MARKET, INDORE-452 007,(M.P.)		
Name of Member (s)			
Registered Address			
E-mail Id			
Folio No/Client Id		DP ID	

I/We, being the member(s) of ..... Shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail Id		Signature	
	Or falling him			
2.	Name			
	Address			
	E-mail Id		Signature	
	Or falling him			
3.	Name			
	Address			
	E-mail Id		Signature	
	Or falling him			

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday the 11<sup>th</sup> August, 2018 at 11:00 A.M at 270 Shastri Market, Indore – 452 007, (M.P.) and at any adjournment in respect of such resolutions as are indicated below:



## KABRA DRUGS LIMITED

\*\* I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. To Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2. To Re-appoint Shri Shyam Kabra who retires by rotation.		
3. To appoint M/s. Shweta Agrawal & Co. (FRN: 019751C), Chartered Accountant for a period of 5 year.		
4. To appoint Shri Bharat Dewda as Independent Director u/s 149 of Companies Act, 2013		
5. To appoint Smt Snehlata Gadiya as Independent Director u/s 149 of Companies Act, 2013		
6. To appoint Shri Arvind Hirve as Independent Director u/s 149 of Companies Act, 2013		

\*Applicable for investors holding shares in the electronic form.

Affix a  
Revenue  
Stamp

Signed this -----day of ----- 2018.

Signature of shareholder

.....  
Signature of First Proxy holder

.....  
Signature of Second Proxy holder

.....  
Signature of Third Proxy holder

### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 % of the total share capital of the Company carrying voting rights. A member holding more than 10 % of the total share capital carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all joint holders should be Stated.