

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
Notes on Financial Statements for the Year ended 31st March,2017

Rs. Lakhs

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>1 SHARE CAPITAL :</b>		
<b>Authorised:</b> 15,00,000(previous year 15,00,000)Equity shares of Rs.100/- each	1500	1500
<b>Issued, subscribed and fully paid up:</b> 13,49,000(previous year 13,49,000) Equity shares of Rs.100/- each fully paid up	1349	1349
<b>Total</b>	<b>1349</b>	<b>1349</b>
<b>1.1 Reconciliation of the number of shares outstanding at the beginning and as at the end of the year</b>		
Opening number of shares outstanding	1349000	1349000
Shares issued during the year	0	0
Closing number of shares outstanding	1349000	1349000
<b>1.2 Terms/Rights attached to Equity Shares :</b>		
The Company has only one class of Equity Shares having a par value of Rs. 100 per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.		
During the year ended March 31 ,2017 , Final dividend proposed for distribution to Equity Shareholders is Rs.18 ( Previous Year - Rs.15) per share.		
In the event of liquidation of the company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>1.3 The details of the shareholders holding more than 5% of the shares :</b>		
<b>a) President of India</b>		
No.of Shares	798180	798180
% held	59.17	59.17
<b>b) KSIIDC Limited</b>		
No.of Shares	550820	550820
% held	40.83	40.83

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Rs. Lakhs

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>2 RESERVES AND SURPLUS :</b>		
Reserves :		
General Reserve:		
As per last Balance Sheet	11068	9368
Add: Transfer from Surplus in Profit & Loss	2500	1700
<b>Total (A)</b>	<b>13568</b>	<b>11068</b>
CSR fund Reserve :		
As per last Balance Sheet	93	93
<b>Total (B)</b>	<b>93</b>	<b>93</b>
Sustainable Development Fund Reserve :		
As per last Balance Sheet	17	17
<b>Total (C)</b>	<b>17</b>	<b>17</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>13678</b>	<b>11178</b>
Surplus in Profit and Loss Statement :		
As per last Balance Sheet	254	246
Add: Profit for the year	3033	1951
<b>TOTAL (D)</b>	<b>3287</b>	<b>2197</b>
Appropriations:		
Transfer to General Reserve	2500	1700
Proposed Dividend	0	202
Tax on Proposed Dividend	0	41
<b>TOTAL (E)</b>	<b>2500</b>	<b>1943</b>
<b>Balance in surplus in Profit &amp; Loss (D-E)</b>	<b>787</b>	<b>254</b>
<b>Total</b>	<b>14465</b>	<b>11432</b>

2.1 As per the requirement of O.M.No.F.No.3(9)/2010 - DPE(MOU) dated 23rd September, 2011 issued by Department of Public Enterprises , Government of India, the company is required to allocate 0.50 % of the profit after tax of previous year towards Research and Development Fund amounting to Rs. 9.76 lakhs.

As the company has spent amount of Rs. 79.35 lakhs (Previous Year Rs. 36.69 lakhs), no appropriation has been made towards this fund.

KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED Notes on Financial Statements for the Year ended 31st March,2017		Rs. Lakhs	
PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016	
<b>3 LONG TERM BORROWINGS :</b>			
Term Loan:			
From banks : Secured Refer Note No. 7			
From Vijaya Bank			
Secured against hypothecation of specific fixed assets and continuing security of the Company's other fixed assets on pari passu basis with State Bank of India	122	310	
	122	310	
3.1 The Company has been sanctioned term loan from Vijaya Bank. The details of balance of term loan as at 31st March,2017 and the terms of repayment are as under:			
Particulars	Balance outstanding As on 31st March, 2017	Balance outstanding As on 31st March, 2016	
Term Loan :	122	310	
Current Rs. 188.27 lakhs (Refer Note. No. 7)			
(Previous year Rs. 166.80) lakhs)			
Non-Current Rs. 122.21 lakhs (previous year Rs. 310.17 lakhs)			
Terms of repayment :			
84 equated monthly instalment after 18 months repayment holiday-			
Rate of Interest - 12.50% - As on 31st March 2017, 23 Instalments are remaining to be paid			
There is no default in repayment of the above Term Loan			
<b>Total</b>	<b>122</b>	<b>310</b>	
<b>4 LONG-TERM PROVISIONS :</b>			
(Refer note no. 8.1 )			
Provision for employee benefits:			
Provision for Gratuity (Refer Note No. 4.1)	382	241	
Provision for Earned Leave	1193	1076	
Current Rs. 234.81 lakhs (Refer Note. No. 8)			
(Previous year Rs. 229.42 lakhs)			
Non-Current Rs. 1192.84 lakhs (previous year Rs. 1075.64 lakhs)			
Provision for Sick Leave	241	228	
Current Rs. 12.78 lakhs (Refer Note. No. 8)			
(Previous year Rs. 14.07 lakhs)			
Non-Current Rs. 241.27 lakhs (previous year Rs. 227.55 lakhs)			
<b>Total</b>	<b>1816</b>	<b>1545</b>	
4.1 The total liability towards Gratuity to employees as at 31.3.2017 as per actuarial valuation is Rs. 2750.40 Lakhs (Previous year Rs. 2528.00 Lakhs) out of which Rs. 2308.60 Lakhs (Previous Year Rs. 2483.00 lakhs) is Non-Current and Rs. 441.80 Lakhs (Previous year Rs. 45.00 lakhs) is Current. The provision towards unfunded portion of the Gratuity is of Non-Current in nature and has been reflected accordingly in Note No. 4 above.			

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
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Rs. Lakhs

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>5 SHORT-TERM BORROWINGS :</b>		
Working Capital Loans from banks : ( Secured and repayable on demand)		
Working Capital facilities from scheduled banks are secured against hypothecation of stock-in-trade and book debts on pari passu basis and pari passu first charge on Company's entire fixed assets other than fixed assets charged to Vijaya Bank for Term loan. Debit balances under Cash credit Hypothecation account are disclosed under Cash and Bank balances. The above facility includes post-shipment credit in foreign currency of Rs. 310.31 Lakhs (Previous Year Rs. 314.75 Lakhs) with banks, the interest on which is linked to LIBOR.	310	429
<b>Total</b>	<b>310</b>	<b>429</b>
<b>6 TRADE PAYABLES :</b>		
Acceptances	81	72
Dues to Micro, Small and Medium enterprises (Refer Note No. 6.1)	148	249
Others	7230	5545
<b>Total</b>	<b>7459</b>	<b>5866</b>
<b>6.1 The details of amounts outstanding to Micro,Small and Medium Enterprises based on available information with the company is as follows :</b>		
Principal amount due and remaining unpaid	--	--
Interest due on above and the unpaid interest	--	--
Interest paid	--	--
Payment made beyond the appointed day during the year	--	--
Interest due and payable for the period of delay	--	--
Interest accrued and remaining unpaid	--	--
Amount of further interest remaining due and payable in succeeding years	--	--
<b>6.2 Confirmation of balances towards Trade Payables is awaited to an aggregate extent of Rs. 5957.10 Lakhs (Previous Year 4271.00 Lakhs). In the cases where differences are noticed in the confirmation received, the Company has adopted the balance as per Books of Accounts for the preparation of Financial Statements after carrying out necessary reconciliations.</b>		
However, in the opinion of the Company, non receipt of confirmation of balances will not have any material effect on the financial position of the Company.		

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
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Rs. Lakhs

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>7 OTHER CURRENT LIABILITIES :</b>		
Current maturities of long term loan(Refer Note no.3)		
Term Loan	188	167
EMD and security deposits received	319	304
Sundry Creditors for Capital Works	394	814
Other payables		
Statutory	393	354
Outstanding Expenses	847	629
Others	96	37
Advance received from customers	507	310
<b>Total</b>	<b>2744</b>	<b>2615</b>
<p>7.1 "Others" under Other Payables include Rs. 5.94 Lakhs (Previous year Rs. 4.84 laks) being the amount payable towards Executive Welfare Fund Rs. 2.88 lakhs (previous year Rs. 3.18 lakhs) and Non-executive welfare fund Rs. 3.06 Lakhs (Previous year Rs. 1.66 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs. 3.06 lakhs (Previous year 1.66 lakhs) non-executive welfare fund, a sum of Rs. 5.21 Lakhs (previous year 4.18 lakhs) is held in the form of Term Deposit with Vijaya Bank, Bangalore.</p>		
<b>8 SHORT TERM PROVISIONS :</b>		
Provision for Taxation (Net)	119	0
Provision for proposed dividend	0	202
(Dividend proposed is Rs. 18 Per Equity share of face value Rs. 100, Previous year Rs. 15 per equity share of face value Rs. 100)		
Provision for tax on proposed dividend	0	41
Provision for Earned leave (Refer Note No.4)	235	229
Provision for sick leave (Refer Note No.4)	13	14
Provision for contingencies	204	184
<b>Total</b>	<b>571</b>	<b>670</b>

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
**Notes on Financial Statements for the Year ended 31st March,2017**

Rs. Lakhs

8.1 MOVEMENT OF PROVISIONS DURING THE YEAR (Refer Note 4 and 8)					
	Particulars	Balance at the beginning of the year	Amount provided during the year	Amount paid/adjusted during the year	Balance at the end of the year
	Provision for Taxation (Net)	-104	1611	1388	119
	Proposed Dividend	202	0	202	0
	Provision for tax on proposed dividend	41	0	41	0
	Provision for Contingencies :				
	a)Disputed legal cases	164	20	0	184
	b)Disputed statutory demands	20	0	0	20
	<b>Total</b>	<b>323</b>	<b>1631</b>	<b>1631</b>	<b>323</b>

KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED  
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9. PROPERTY, PLANT AND EQUIPMENTS (PPE)

Rs. In Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	TOTAL AS AT 01.4.16	ADDITIONS DURING THE YEAR	ADJUSTMENTS/ DELETIONS/ IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.17	TOTAL AS AT 01.4.16	FOR THE YEAR	ADJUSTMENTS/ DELETIONS/ IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.17	AS AT 31.3.17	AS AT 31.3.16
LAND : FREE HOLD	23	332	0	355	0	0	0	0	355	23
BUILDINGS	1046	1475	0	2521	479	55	0	534	1987	566
PLANT AND MACHINERY	2729	2027	0	4756	1822	312	0	2134	2622	906
FURNITURE & FIXTURES	140	31	0	171	110	15	0	125	46	30
OFFICE EQUIPMENTS	238	15	0	253	206	15	0	221	32	32
CANTEEN EQUIPMENTS	15	0	0	15	12	1	0	13	2	4
VEHICLES	13	21	13	21	11	3	11	3	18	3
<b>TOTAL</b>	<b>4204</b>	<b>3901</b>	<b>13</b>	<b>8092</b>	<b>2640</b>	<b>401</b>	<b>11</b>	<b>3030</b>	<b>5062</b>	<b>1564</b>
PREVIOUS YEAR	3945	266	7	4204	2307	339	7	2640	1564	1639

9.1 Government of Karnataka has granted 20 acres of land in Survey No.80 (New No.197) and 4 acres and 20 guntas in Survey No. 22 (New No. 196) at Kadabagere village, Dasanpura Hobli, Bangalore North Taluk, Bangalore. The RTC in respect of Survey No.80 (New No.197) has been received and in respect of Survey No. 22 (New No.196) is yet to be received. The Company had applied for survey report from the Government of Karnataka for the above survey numbers. Survey report in respect of Survey No. 80 (New No. 197) was received and encroachment to the extent of approx. 3 acres and 25 Guntas was reported. Besides the encroachment shown in survey report, there is an encroachment to the extent of 1 Acre (approx.) in Survey No. 80 (New No.197) which has not been shown in survey report. The Company has taken up the matter with revenue authorities for mentioning this additional encroachment in the report and eviction of all encroachments. In the meantime the said survey report has been quashed. The company has since fenced the remaining portion of the land. Out of the encroachments of 3 acres and 25 Guntas shown in the survey report, one of the encroached party has filed a civil suit in Civil Judge Court, Bangalore against the company which is being contested by the company. Subsequently, the case has been transferred to Nelamangala. Further Board had in its 131st Board Meeting held on 19.2.2010 decided to grow Medicinal plants in 10 acres in Phase I. Accordingly medicinal plants are being grown at Kadabagere land.

In view of the order by Deputy Director, Land Records vide order dated 13.11.2013 company has paid fees for survey on 12.05.2016 for survey No. 80 and on 1.7.2016 for survey No 22. The matter is being followed up periodically. Vide letter dated 22.9.2016 a letter was addressed to Principal Secretary, Revenue Department by Managing Director of the company requesting for survey and eviction of encroachments. Based on the representation of the company Joint Director of Land Records, Office of the Deputy Commissioner, Bangalore Urban District vide letter dated 03.10.2016 addressed to Assistant Director, Land Records, Office of Assistant commissioner, Bangalore North Sub-Division informed to survey the land and give report. Further Chairman, KAPL and Principal Secretary, Health and Family Welfare, Government of Karnataka vide D.O. Letter 23.9.2016 has written to Deputy Commissioner, Bangalore Urban District regarding survey and eviction of encroachments. Reminder was sent to Revenue Department vide letter dated 09.02.2017.

9.2 Dharwad Plant :

Board at its 157th Meeting held on 26.09.2016 had approved purchase of Pharmaceutical Unit at Dharwad ( on 6 Acres and 14 Guntas of land) through e-auction of Karnataka State Financial Corporation (KSFC) and authorised Managing Director to decide the Bid amount. Accordingly, against an advertisement appeared in Vijayawani dated 24.10.2016 of KSFC, company participated in e-auction and had quoted price of Rs. 517.37 lakhs towards land and building and Rs. 93.64 lakhs towards plant and machinery. The bid of the company was accepted by KSFC as intimated vide letter dated 8.12.2016. After making the payment of the Bid amount, the possession of land, building, plant and machinery was taken on 12.12.2016 in as is where is basis. The registration is yet to be done. In pursuance of the Board approval upkeep activities are under progress for manufacture of Ayurvedic products.

In the meantime company had requested for survey of land of Unit situated at Survey No. 429/1 and 429/2A at Kotur village, Dharwad. After receipt of the survey report, it is noticed that there is a shortage of the land to the extent of 26 Guntas in survey No. 429/2A. The matter has been taken up with KSFC vide letter dated 28.4.2017 and matter is being pursued.

10 Board, at its 156th Meeting, approved creation of additional Non-Parenteral facility for manufacture of Tablets at a cost of Rs. 1917 lacs. The facility is to be financed by way of Term Loan of Rs. 1500 lacs and balance to be met out of internal accruals. The Project is under progress.

11 Major components of deferred tax assets and liabilities arising on account of timing differences are as under :

Rs. Lakhs

PARTICULARS	Upto 31.03.2017	Upto 31.03.2016
Deferred Tax Liabilities :		
a) Fixed Assets -Written Down Value Difference	270	207
	270	207
Deferred Tax Assets :		
a) Provisions for doubtful debts,claims etc.	23	43
b) Leave Salary	59	91
c) Gratuity	132	84
d) Others	174	161
	388	379
Deferred Tax Asset (Net)	118	172



PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>12 LONG TERM LOANS AND ADVANCES :</b>		
<b>Capital Advances:</b>		
Unsecured, Considered good Advance for capital items	145	1062
Advance to employees	0	3
Current Rs. 69.00 lakhs (Refer Note. No. 17) (Previous year Rs. 63.02 lakhs)		
Non-Current Rs. 0.00 lakhs (previous year Rs. 3.58 lakhs)		
Prepaid expenses	5	4
Current Rs. 42.43 lakhs (Refer Note. No. 17) (Previous year Rs. 30.56 lakhs)		
Non-Current Rs. 4.95 lakhs (previous year Rs. 3.50 lakhs)		
Deposit with Government Departments	61	54
Current Rs. 396.76 lakhs (Refer Note. No. 17and 17.1) (Previous year Rs. 223.00 lakhs)		
Non-Current Rs. 60.95 lakhs (previous year Rs. 54.48 lakhs)		
<b>Total</b>	<b>211</b>	<b>1123</b>
<b>13 OTHER NON-CURRENT ASSETS :</b>		
Rights under Group Leave Encashment Scheme Insurance Policy (Refer Note No. 25.2)	1256	1043
<b>Total</b>	<b>1256</b>	<b>1043</b>
<b>14 INVENTORIES :</b>		
Raw materials - in stock - KAPL	2245	1783
Raw materials           - LL PARTIES	267	340
Raw materials           - IN TRANSIT	24	1
Less: Provision for obsolescence	78	76
	2458	2048
Work-in-progress - KAPL	978	992
Finished Goods - in stock	1551	1221
- in Transit	331	284
Stores and spares	34	31
<b>Total</b>	<b>5352</b>	<b>4576</b>

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>15 TRADE RECEIVABLES :</b>		
<b>Unsecured</b>		
<b>Outstanding for a period exceeding six months</b>		
<b>Considered good</b>	638	1095
<b>Considered doubtful</b>	58	120
<b>Less: Provision for doubtful</b>	58	120
	638	1095
<b>Others - Considered good</b>	8542	7036
<b>Total</b>	<b>9180</b>	<b>8131</b>
<p>15.1 'Sundry Debtors' includes Rs. 7183.70 Lakhs(Previous year Rs. 5519.00 lakhs)due from Government Institutions/bodies in respect of which confirmation of balances is awaited.</p> <p>15.2 Confirmation of balances called for by the Company towards Trade Receivables other than Government institutions/bodies is awaited to an aggregate extent of Rs. 1642.17 lakhs (previous year Rs. 2415.00 lakhs) of such receivables . In the cases where differences are noticed in the confirmations received from receivables , the Company has adopted the balance as per Books of Accounts for preparation of Financial Statements, after carrying out necessary reconciliation.</p> <p>15.3 However, in the opinion of the Company, non receipt of confirmation of balances will not have any material effect on the financial position of the Company.</p>		

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>16 CASH AND BANK BALANCES :</b>		
<b>a Cash and cash equivalents:</b>		
Balances with banks		
- in current / cash credit account	730	82
- in fixed deposit account		
With maturity less than 3 months	2982	3288
Cash, Stamps and Coupons on hand	1	4
Remittances - in - transit	162	143
<b>Total</b>	<b>3875</b>	<b>3517</b>
<b>b Other Bank balances</b>		
- in fixed deposit account		
With maturity more than 3 months	2178	792
a) An amount of Rs. 3.54 Lakhs (previous year Rs.3.33 lakhs) held in Vijaya Bank, Secunderabad as per the orders of High Court of Andhra Pradesh in connection with a case filed by an employee.		
b) An amount of Rs. 5.21 Lakhs (previous year Rs. 4.88 Lakhs) held with Vijaya Bank, Bangalore in respect of a welfare fund constituted for the welfare of the employees.		
Margin money in fixed deposits		
- With maturity more than 3 months	113	74
<b>Total</b>	<b>2291</b>	<b>866</b>
<b>Total</b>	<b>6166</b>	<b>4383</b>

Disclosure in terms of notification issued by the Ministry of Corporate Affairs dated 30th March 2017 :Rs.

PARTICULARS	Specified Bank Notes (Rs. 500 and Rs. 1000)	Other Denominations Notes	Total
Closing cash in hand as on 08.11.2016	0.00	0.32	0.32
(+) Permitted Receipts			
a. Withdrawals from Bank	0.00	9.54	9.54
b. Other Receipts	0.00	0.16	0.16
(-) Permitted payments	0.00	8.64	8.64
(-) Amount deposited in Banks	0.00	0.00	0.00
Closing cash in hand as on 30.12.2016		1.38	1.38

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>17 SHORT TERM LOANS AND ADVANCES :</b>		
Advances		
Others		
Unsecured, recoverable in cash or kind or for value to be received Considered good		
Advance to employees including imprest to field employees ( Refer Note No.12 )	69	63
Pre-paid expenses (Refer Note No.12)	43	31
Advance Income Tax (Net)	0	104
Other advances	25	38
Other receivables	67	137
<b>Total</b>	<b>204</b>	<b>373</b>
Deposits with Government Departments (Refer Note No.12 and 17.1) Considered good	397	223
Considered doubtful	7	7
	404	230
Less: Provision for Doubtful deposits	7	7
	397	223
<b>Total</b>	<b>601</b>	<b>596</b>
<p><b>17.1</b> Confirmation of balances in respect of Deposit with Government departments amounting to Rs. 54.64 lakhs is awaited (Previous Year Rs. 51.94 lakhs). In the cases where differences are noticed in the confirmations received , the Company has adopted the balance as per Books of Accounts for preparation of Financial statements, after carrying out necessary reconciliations. However, in the opinion of the Company, non-receipt of confirmation of balances will not have any material effect on the financial position of the Company.</p>		
<b>18 OTHER CURRENT ASSETS :</b>		
Interest Accrued on deposits	25	5
<b>Total</b>	<b>25</b>	<b>5</b>

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<p><b>19 CONTINGENT LIABILITIES AND COMMITMENTS :</b> (to the extent not provided for)</p> <p><b>19.1 Contingent Liabilities:</b></p> <p>19.1.1 Claims against the company not acknowledged as debts 72 62</p> <p>19.1.2 Difference in sales tax for non-receipt of Statutory forms 54 76</p> <p>19.1.3 Income Tax Appeal : 2009-10 (Amounts adjusted against refund) 13 0 2013-14 (Amounts adjusted against refund) 5 0</p> <p>19.1.4 Excise Duty Demand :  Demand received from Commissioner of Central Excise towards Excise duty and penalty besides interest ( not quantified) under Section 11D of Central Excise Act, 1944 covering sale of certain products pertaining to the period from 2007-08 to 2011-12. 1036 1036  The Company had preferred an appeal with CESTAT against the order. The said case were heard on 7th January 2015 and stay was granted in favour of the Company.</p> <p>19.1.5 Liability towards sales tax pending in appeal before various appellate Authorities relating to earlier years:</p>		
Nature of Dues	Amount Rs. Lakhs	Period to which the amount relates
<p>Sales returns disallowed. Feed supplement and Agro Chemicals Taxed at higher rate - Tamil Nadu Sales Tax Act 1.17 (1.17) 2003-2004</p> <p>The Dispute is pending with Appellate Assistant Commissioner (CT)V (Chennai)</p> <p>Exempted Sales of Gauge &amp; Bandages disallowed &amp; tax imposed 0.34 (0.34) 1996-1997</p> <p>Exempted Sales of Gauge &amp; Bandages disallowed &amp; tax imposed 1.32 (1.32) 1997-1998</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (LST) 1.74 (1.74) 1998-1999</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (CST) 0.37 (0.37) 1998-1999</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (LST) 7.33 (7.33) 1999-2000</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (CST) 0.19 (0.19) 1999-2000</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (LST) 7.14 (7.14) 2000-2001</p> <p>Exempted Sales of Gauge &amp; Bandages, Feed Supplements, Export sales disallowed &amp; tax imposed (CST) 3.73 (3.73) 2000-2001</p> <p>Exempted Sales of Feed Supplements disallowed &amp; tax imposed 2.26 (2.26) 2002-2003</p> <p>The Disputes are pending with JCCT, Patna - Bihar VAT Act.</p> <p>(figures in brackets represent previous year figures)</p> <p style="text-align: center;">Total 25.59 (25.59)</p>		
<p><b>19.2 Commitments:</b></p> <p>19.2.1 Estimated amount of contracts remaining to be executed on capital account and not provided for 1284 901</p>		

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
Notes on Financial Statements for the Year ended 31st March,2017

PARTICULARS	year ended 31.03.2017	year ended 31.03.2016
	Rs. Lakhs	Rs. Lakhs
<b>20 REVENUE FROM OPERATIONS :</b>		
Sale of Products	38627	32692
Other Operating revenues	298	262
	38925	32954
Less : Excise Duty	1693	1752
<b>Total</b>	<b>37232</b>	<b>31202</b>
<b>20.1 Particulars of Sale of products :</b>		
Dry Powder Vials	8652	8885
Liquid Parenterals (Vials/Ampoules)	2671	3257
Tablets	11890	9407
Capsules	3536	3320
Dry Syrup & Suspension	979	626
Others	10899	7197
<b>Total</b>	<b>38627</b>	<b>32692</b>
<b>21 OTHER INCOME :</b>		
Interest received	365	147
Profit on sale of asset	1	0
Miscellaneous receipts	5	13
<b>Total</b>	<b>371</b>	<b>160</b>

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
Notes on Financial Statements for the Year ended 31st March,2017 :

**22 MATERIALS CONSUMED :**

SL. NO.	PRODUCT NAME	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY (Kgs/Bus)	VALUE RS. Lakhs	%	QUANTITY (Kgs/Bus)	VALUE RS. Lakhs	%
<b>A.</b>	<b>RAW MATERIALS :</b>						
<b>I.</b>	<b>INDIGENOUS :</b>						
1	CEFTRIAZONE SODIUM STERILE I	10444.469	607		9977.021	690	
2	AZITHROMYCIN IP	7926.278	601		2899.474	219	
3	STRL PIPERACILLIN SOD& TAZOB	4580.000	587		2710.000	271	
4	AMOXYCILLIN TRIHYDRATE IP (CC	35427.000	543		16655.123	336	
5	CEFADROXIL IP (COMPACTED 30#	16686.000	533		12993.673	459	
6	CIPROFLOXACIN HYDROCHLORID	30226.843	461		24231.859	449	
7	CEPHALEXIN IP/BP (COMPACTED)	12422.126	401		7045.264	257	
8	CEFIXIME IP(COMPACTED)	3972.814	379		2957.862	271	
9	CEFOTAXIME SODIUM (STERILE) I	5393.000	338		6647.000	494	
10	ALBENDAZOLE IP	20946.754	312		20955.600	294	
11	OTHERS		6740			6650	
	<b>TOTAL</b>		<b>11502</b>	<b>96</b>		<b>10390</b>	<b>93</b>
<b>II.</b>	<b>IMPORTED :</b>						
1	STERILE AMOXI & POTASSIUM CL	2349.300	435		2687.880	475	
2	BENZYL PENICILLIN SODIUM (STE	1835.015	45		3435.719	70	
4	OTHERS		7			214	
	<b>TOTAL:</b>		<b>487</b>	<b>4</b>		<b>759</b>	<b>7</b>
	<b>TOTAL OF I &amp; II</b>		<b>11989</b>	<b>100</b>		<b>11149</b>	<b>100</b>
<b>B.</b>	<b>PACKING MATERIALS :</b>	(No. in Lakhs)			(No. in Lakhs)		
	(all indigenous)						
1	VIALS,AMPOULES AND BOTTLES	719.90	906		967.71	1021	
2	OTHERS		2205			2228	
	<b>TOTAL</b>		<b>3111</b>			<b>3249</b>	
	<b>TOTAL OF A &amp; B</b>		<b>15100</b>			<b>14398</b>	
	<b>LESS : CENVAT CREDIT</b>		<b>1547</b>			<b>1376</b>	
	<b>LESS : VAT CREDIT</b>		<b>73</b>			<b>76</b>	
	<b>NET CONSUMPTION</b>		<b>13480</b>			<b>12946</b>	

**23 PURCHASES OF STOCK-IN-TRADE**

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	Quantity	Value	Quantity	Value
	No. in Lakhs	Rs. in Lakhs	No. in Lakhs	Rs. in Lakhs
Medical and Surgical Kits	*	1715	*	483
Others	*	2329	*	1781
<b>Total</b>		<b>4044</b>		<b>2264</b>

\* Enumeration of quantities not practicable.

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOK-IN-TRADE :</b>	year ended 31.03.2017	year ended 31.03.2016
<b>FINISHED GOODS AND STOCK-IN-TRADE:</b>		
Opening Stock	1505	1803
Closing Stock	1882	1505
	-377	298
<b>WORK-IN-PROGRESS :</b>		
Opening Stock	992	900
Closing Stock	978	992
	14	-92
(Increase) / Decrease	-363	206
Excise Duty on Inventory Change	68	-18
<b>Net (Increase) / Decrease</b>	<b>-295</b>	<b>188</b>
<b>25 EMPLOYEE BENEFITS EXPENSE :</b>		
Salaries and Wages	5156	4765
Voluntary Retirement Scheme Expenses	0	25
Contribution to provident and other funds	612	572
Staff welfare expenses	710	635
<b>Total</b>	<b>6478</b>	<b>5997</b>
<b>25.1 Employee benefit expenses include Managing Director's (Key Managerial Personnel as per Accounting Standard-18) remuneration as under :</b>		
<b>PARTICULARS</b>		
a) Salary	21	20
b) Contribution to PF	2	2
c) Others	3	3
<b>Total</b>	<b>26</b>	<b>25</b>



25.2 a) Employees' benefits are recognised on accrual basis. Liability towards compensated absence such as leave encashment and sick leave and liability towards defined benefit plan viz. Gratuity are valued on actuarial basis under Projected Unit Credit Method. Liability under defined contribution schemes such as contribution to Provident Fund, ESI, Death Relief Fund, etc., are measured based on the contribution due for the year.

b) The amounts recognised in the Balance Sheet are as follows :

(Rs. In Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016
Present value of obligations	2750	2528	71	65	1357	1240	254	242
Fair value of Plan Assets	2368	2287	0	0	0	0	0	0
Present value of unfunded obligations (Net Liability)	382	241	71	65	1357	197	254	242
Net Assets/(Liability) recognised in Balance Sheet	-382	-241	-71	-65	-1357	-1240	-254	-242

\* The reimbursement right under Group Leave Encashment Policy funded with Life Insurance Corporation of India towards encashment of Earned Leave is Rs. 1256 lakhs ( Previous year Rs. 1042 Lakhs) and the same is disclosed separately under "other Non-current Assets".

c) The amounts recognised in the Profit and Loss Account are as follows :

(Rs. In Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Service Cost	133	87	71	65	92	164	3	22
Interest on obligation	188	170	0	0	92	83	18	16
Expected Return on Plan Assets	-171	-162	0	0	-91	0	0	0
Return on Leave Encashment Policy	0	0	0	0		-43	0	0
Net Actuarial Losses/(gains) recognised in the year	45	92	0	0	-130	-8	-9	-13
Total included in Employee benefits	195	187	71	65	-37	196	12	25
Benefits availed included under Salaries, Wages and Bonus	0	0	0	0	0	0	0	0
Net charged to Profit and Loss Account	195	187	71	65	-37	196	12	25
Actual Return on Plan Assets for the year	7.71%	8.51%	--	--	8.25%	8.35%	--	--

d) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

(Rs. In Lakhs)

Particulars	Defined Benefit Gratuity		Earned Leave				Sick Leave Availment	
			Availment		Encashment			
	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016	As at 31.3.2017	As at 31.3.2016
Opening Obligation	2528	2281	65	65	1240	1044	242	217
Current Service Cost	133	87	71	0	92	164	3	22
Interest Cost	188	170	0	0	92	83	18	16
Actuarial Losses/(gains)	39	98	0	0	63	-8	-9	-13
Benefits Paid/Availed	-138	-108	-65	0	-130	-43	0	0
Closing Obligation	2750	2528	71	65	1357	1240	254	242

e) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

(Rs. In Lakhs)

Particulars	Gratuity	
	As at 31.3.2017	As at 31.3.2016
Opening Balance	2287	2121
Interest credited	166	168
Assets distributed on Settlement/Benefits paid	-139	-108
Contribution by company	54	106
Closing Balance	2368	2287

Gratuity and Earned Leave are funded through policies with Life Insurance Corporation of India

f) The particulars regarding present value of the defined benefit obligation, the fair value of plan assets and surplus/deficit in the plan are as under :

GRATUITY :

(Rs. In Lakhs)

PARTICULARS	YEAR				
	2012-13	2013-14	2014-15	2015-16	2016-17
Present Value of defined benefit obligation	1973	2247	2281	2528	2750
Fair value of Plan assets	1756	1855	2121	2287	2368
Surplus/deficit in the Plan	217	392	160	241	382

EARNED LEAVE :

(Rs. In Lakhs)

PARTICULARS	YEAR				
	2012-13	2013-14	2014-15	2015-16	2016-17
Present Value of defined benefit obligation	935	971	1109	1305	1428
Rights under Group Leave Encashment Scheme Policy	397	595	724	1043	1256
Surplus/deficit in the Plan	538	376	385	262	172

SICK LEAVE :

(Rs. In Lakhs)

PARTICULARS	YEAR				
	2012-13	2013-14	2014-15	2015-16	2016-17
Present Value of defined benefit obligation	188	210	224	242	254
Fair value of Plan assets	0	0	0	0	0
Surplus/deficit in the Plan	188	210	224	242	254

g) Principal Actuarial assumptions at the Balance Sheet Date :

PARTICULARS	Gratuity		Earned Leave		Sick Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Mortality Rate	LIC (1994-96)					
Discount rate	6.85%	8.51%	6.85%	8.51%	6.85%	8.51%
Estimate of salary increases	10.25%	10.25%	10.25%	10.25%	10.25%	10.25%

The estimates of salary increases considered in actuarial valuation takes into account inflation, Seniority, Promotion and other relevant factors.

KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED  
Notes on Financial Statements for the Year ended 31st March,2017

Rs. Lakhs

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
<b>26 FINANCE COSTS :</b>		
Interest Expenses	29	15
Other Borrowing cost	39	30
<b>Total</b>	<b>68</b>	<b>45</b>
<b>27 PRIOR PERIOD ADJUSTMENTS :</b>		
<b>PRIOR YEARS INCOME :</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>0</b>
<b>PRIOR YEARS EXPENDITURE :</b>		
Commission and discounts	0	2
Other Miscellaneous Expenditure	1	0
<b>Total</b>	<b>1</b>	<b>2</b>
<b>28 OTHER EXPENSES :</b>		
Consumption of stores and spare parts	60	58
Power and fuel	466	385
Rent	109	122
Repairs to buildings	59	8
Repairs to machinery	208	114
Insurance	18	14
Rates and taxes	184	112
Auditor's remuneration:		
As auditor(including service tax)	6	4
Taxation matter	2	1
(Includes Rs. 0.72 lakhs paid to earlier Statutory Auditors)		
Travelling and Conveyance	561	555
Commission and discounts	3289	2598
Late Delivery Charges	1086	521
Carriage outwards	387	314
Other manufacturing expenses	1092	644
Laboratory expenses	111	73
Communication expenses	22	22
Legal and professional charges	55	63
General maintenance expenses	163	132
Printing and Stationery	65	84
Recruitment and training expenses	31	24
Other selling expenses	586	490
Sundry Receivables written off	10	68
Other provisions	22	51
CSR Expenditure	40	32
Exchange Rate fluctuation	5	3
Other miscellaneous expenditure	82	70
<b>Total</b>	<b>8719</b>	<b>6562</b>

28.1 The Company has no leasing arrangements under finance lease. In respect of premises obtained under operating lease, the leases are cancellable at the option of the Company.

28.2 During the year, the company has fully depreciated the asset costing Rs. 10000 or less in the year of purchase. Due to the change in the method of providing depreciation , the profit for the is less by Rs. 8.07 lakhs.

28.3 CSR EXPENDITURE :

(a) Gross amount required to be spent by the company during the year Rs. 39.73 lakhs.

(b) Amount spent during the year on :Rs. Lakhs

SL. NO.	PARTICULARS	IN CASH	YET TO BE PAID IN CASH	TOTAL
(i)	Construction/Aquisition of any asset	---	---	---
(ii)	On purposes other than (i) above	40.12	---	40.12

29 EARNINGS PER SHARE :

1 Profit After Tax for the year	3033	1951
2 Weighted Average number of Basic Equity Shares outstanding during the year	1349000	1349000
3 Weighted Average number of Diluted (Basic and Potential) Equity Shares outstanding during the year	1349000	1349000
4 Potential Equity Shares- Share Application Money Pending allotment	0.00	0.00
5 Nominal Value of the Share Rs.	100.00	100.00
6 Earnings per share (Basic) (1/2)	225	145
7 Earnings per share (Diluted) (1/3)	225	145

30 STATEMENT OF SALES AND STOCK :

SL. NO.	PARTICULARS	VALUE RS. LAKHS		
		SALES	CLOSING STOCK	OPENING STOCK
1	Dry Powder Vials	8652 (8885)	379 (314)	314 (533)
2	Liquid Parenterals (Vials/Ampoules)	2671 (3257)	115 (159)	159 (144)
3	Tablets	11890 (9407)	580 (274)	274 (267)
4	Capsules	3536 (3320)	116 (111)	111 (139)
5	Dry Syrup & Suspension	979 (626)	82 (37)	37 (65)
6	Others	10899 (7197)	610 (610)	610 (655)
	TOTAL	38627 (32692)	1882 (1505)	1505 (1803)

**KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED**  
Notes on Financial Statements for the Year ended 31st March,2017

Rs. In lakhs

SL. NO.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
31	<b>SPARES CONSUMED</b>				
	Indigenous	60	100	58	100
	Imported	0	0	0	0
		60	100	58	100
32	<b>VALUE OF IMPORTS ON CIF BASIS</b>				
	1. Raw Materials	536		695	
	2. Capital goods	69		43	
	3. Others	0		0	
33	<b>EARNINGS IN FOREIGN EXCHANGE</b>				
	F.O.B. Value of Exports	2235		3369	
34	<b>EXPENDITURE IN FOREIGN CURRENCY</b>				
	Travel	3		4	
	Foreign Agency commisson	52		44	
	Product Registration Fees	28		27	

**KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED**

Notes on Financial Statements for the Year ended 31st March,2017

**35. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH 2017**

PRIMARY SEGMENT : BUSINESS SEGMENT

RS. IN LAKHS

PARTICULARS	PHARMACEUTICALS		OTHERS		TOTAL	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016	31.3.2017	31.3.2016
<b>REVENUE</b>						
SALES	36207	31701	2420	991	38627	32692
INCOME FROM CONTRACT MANUFACTURING	-	-	140	209	140	209
TOTAL REVENUE	36207	31701	2560	1200	38767	32901
SEGMENT RESULT	5020	3805	537	268	5557	4073
UNALLOCATED CORPORATE EXPENSES					1188	1181
OPERATING PROFIT					4369	2892
INTEREST EXPENSE					27	20
INTEREST INCOME					365	147
INCOME TAX					1611	1120
DEFERRED TAX					54	-52
PROFIT FROM ORDINARY ACTIVITIES					3042	1951
TAXATION ADJUSTMENTS OF PREVIOUS YEAR					-9	0
NET PROFIT					3033	1951
<b>OTHER INFORMATION</b>						
SEGMENT ASSETS	19093	16430	1919	1842	21012	18272
UNALLOCATED CORPORATE ASSETS					7824	5944
TOTAL ASSETS					28836	24216
SEGMENT LIABILITIES	10784	8808	912	949	11696	9757
UNALLOCATED CORPORATE LIABILITIES					17140	14458
TOTAL LIABILITIES					28836	24216
CAPITAL EXPENDITURE	2109	540	0	0	2109	540
UNALLOCATED CAPITAL EXPENDITURE					34	26
TOTAL CAPITAL EXPENDITURE	2109	540	0	0	2143	566
DEPRECIATION *	379	307	1	1	380	308
NON-CASH EXPENSES OTHER THAN DEPRECIATION	0	0	0	0	0	0

\* does not include depreciation on common assets

**KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED**  
**Notes on Financial Statements for the Year ended 31st March,2017**

**SECONDARY SEGMENT: GEOGRAPHICAL SEGMENT**

**RS. IN LAKHS**

	<b>31.3.2017</b>	<b>31.3.2016</b>
<b>REVENUE :</b>		
INDIA	36495	29504
OUTSIDE INDIA	2272	3397
<b>TOTAL</b>	<b>38767</b>	<b>32901</b>
<b>CARRYING AMOUNT OF SEGMENT ASSETS :</b>		
INDIA	20489	17146
OUTSIDE INDIA	523	1126
<b>TOTAL</b>	<b>21012</b>	<b>18272</b>
<b>ADDITIONS TO FIXED ASSETS</b>		
INDIA	2143	566
OUTSIDE INDIA	0	0
<b>TOTAL</b>	<b>2143</b>	<b>566</b>

**NOTES :**

**1. BUSINESS SEGMENTS :**

The business segment has been considered as the primary segment for disclosure. The products included in each of the reported business segments are as follows:

- 1.1) PHARMACEUTICALS comprises of formulations of various dosage forms.
- 1.2) OTHERS comprises of agrochemicals, medical equipment, medical kits, diagnostics and income from contract manufacturing.

**2. GEOGRAPHICAL SEGMENTS :**

The geographical segments considered for disclosure are as follows :

- 2.1) Sales within India
- 2.2) Sales outside India

**3. SEGMENTAL ACCOUNTING POLICIES :**

- 3.1) Segment accounting policies are in line with the accounting policies of the Company.
- 3.2) Segment revenue , expenses, assets and liabilities which are directly attributable to the segment, are disclosed accordingly.
- 3.3) Unallocable corporate expenses , assets and liabilities relate to the Company as a whole and are not practicable to allocate to any segment.

**36. a) Previous year's figures have been regrouped wherever necessary to make them comparable with current year figures.**

**b) Figures have been rounded off to nearest Lakh rupees.**

Signature to Note Nos. 1 to 36

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**K.M.PRASAD**  
MANAGING DIRECTOR

**B.T.KHANAPURE**  
DIRECTOR

Refer our report of even date  
For DAGLIYA & CO  
Chartered Accountants  
FRN : 001671S

**N.SANTHANA GOPALA KRISHNAN**  
General Manager-Finance

**JAGADEESH C.HIREMATH**  
General Manager (HR &Admn)  
& Company Secretary

**YASWANT DAGLIYA**  
Partner  
Membership No.009124

PLACE : BANGALORE  
DATE : 29.06.2017

PLACE : BANGALORE  
DATE : 29.06.2017