



KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED

(A Government of India Enterprise)



Quality Keeps us Moving

34th ANNUAL REPORT 2014-15



Sri K.M. Prasad, Managing Director, KAPL receiving
Sri Naveen Raj Singh, IAS, Managing Director, KSIIDC Ltd., during visit to factory



Sri K.M. Prasad, Managing Director, KAPL handing over Dividend Cheque of 2013-14 of KAPL to
Sri A.K. Karn, Under Secretary, Department of Pharmaceuticals, Govt. of India,
Sri N. Sivasailam, IAS, then Chairman, KAPL also seen.



Shri Atul Kumar Tiwari, IAS



Dr. M. Ariz Ahammed, IAS



Shri K. M. Prasad



Shri Naveen Raj Singh, IAS



Shri Raghurama Bhandary



BOARD OF DIRECTORS (AS ON 17.11.2015)

Shri Atul Kumar Tiwari, IAS

Chairman – KAPL and
Principal Secretary, Health & Family
Welfare Dept. Government of Karnataka,
Vikas Soudha Bangalore – 560 001
From: 09.07.2015

Shri K M Prasad

Managing Director
Karnataka Antibiotics & Pharmaceuticals Limited
Dr Rajkumar Road, 1st Block,
Rajajinagar, Bangalore – 560 010
From : 15.05.2013

Dr. M. Ariz Ahammed, IAS

Joint Secretary
Ministry of Chemicals & Fertilizers
Department of Pharmaceuticals
Shastri Bhavan, New Delhi-110 001
From : 27.01.2015

Shri Naveen Raj Singh, IAS

Managing Director
Karnataka State Industrial and
Infrastructure Development Corporation
Ltd., Khanija Bhavan, 4th Floor, East Wing,
49, Race Course Road, Bangalore – 560 001
From: 20.02.2015

Shri Raghurama Bhandary

Drugs Controller for the State of Karnataka,
Palace Road, Bangalore – 560 001
From 28.11.2013

Shri V K Mehta

Director (Finance)
Ministry of Chemicals & Fertilizers
Department of Chemicals and
Petrochemicals, Government of India
New Delhi – 110 001
Upto : 17.11.2014

Shri N Sivasailam, IAS

Chairman – KAPL and
Principal Secretary
Health and Family Welfare Dept.,
Government of Karnataka, Vikas Soudha,
Bangalore-560 001
Upto: 20.02.2015

Shri V P Baligar, IAS

Chairman & Managing Director
Karnataka State Industrial and Infrastructure
Development Corporation Ltd.
Khanija Bhavan, 4th Floor, East Wing
49, Race Course Road
Bangalore – 560 001
Upto : 17.11.2014

Ms. Monika Verma

Director (PSU)
Ministry of Chemicals & Fertilizers
Department of Pharmaceuticals
Government of India,
Shastri Bhavan, New Delhi-110 001
Upto: 17.11.2014

JAGADEESH C HIEMATH

Company Secretary & Dy. Gen. Manager (Admn.)

STATUTORY AUDITORS

M/s. Manian & Rao, Chartered Accountants
No. 361, 1 Floor, 7th Cross, 1st Block
Jayanagar, Bangalore - 560 011

INTERNAL AUDITORS

M/s. MSSV & CO.
Chartered Accountants
2nd Floor, No. 63/2, Railway Parallel Road
Kumara Park West, Bangalore - 560 020

BANKERS

Vijaya Bank, Mayo Hall Branch &
West of Chord Road Branch
Bangalore

STATE BANK OF INDIA

S.M.E. Branch
St. Marks Road
Bangalore – 560 025

REGISTERED & CORPORATE OFFICE

Nirman Bhavan, Dr. Rajkumar Road , 1st Block, Rajajinagar, Bangalore – 560 010
Website : www.kapindia.com

CONTENTS

Description	Page Nos.
Notice	4-6
Chairman's Speech	7-8
Directors' Report	9-28
Auditors' Report	29-36
Comments of C&AG	37
Significant Accounting Policies	38-41
Balance Sheet	42-43
Profit & Loss Statement	44
Notes No. 1 to 36	45-73
Cash Flow Statement	74-75
Figures at a Glance	76



NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of the Company will be held as under:

DAY : TUESDAY
DATE : 17.11.2015
TIME : 1300 HOURS
VENUE : Regd. & Corp. Office,
Dr. Rajkumar Road, 1st Block, Rajajinagar, Bangalore – 560 010.

to transact the following business:

A. Ordinary Business

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as on 31st March 2015 and the Audited Profit and Loss Statement for the year ended on that date along with the Auditors' Report thereon.
2. To declare dividend.

B. Special Business

3. To consider and, if thought fit, to pass with or without modifications, the following as a Special Resolutions:

i) Composition of the Board of the Company:

“Resolved that, the Article 16A of the Articles of Association of the Company as mentioned below be and is hereby amended:

16A – “The Composition of Board shall be as under:

- a) On behalf of Government of India, four Directors consisting of:
 - i. Managing Director, KAPL
 - ii. One Nominee Director from Government of India
 - iii. Two Independent Directors
- b) On behalf of Government of Karnataka, three Directors consisting of:
 - i. Secretary/Principal Secretary to Government, Health and Family Welfare Department, Government of Karnataka, who would be part time Chairman of the Company, Ex-officio.
 - ii. Drugs Controller for the State of Karnataka – Ex-officio.
 - iii. Managing Director of KSIIDC or Officials of KSIIDC, nominated by KSIIDC”.

ii) Amendment of Article 32(i) of Articles of Association :

“RESOLVED THAT, Article 32(i) of Articles of Association of the Company, be and is hereby altered to read as under:

At every Annual General Meeting of the Company, all Directors except the Chairman, Managing Director, Executive Directors(s), Debenture Directors, Functional Directors, Independent Directors, Directors appointed by Financial Institutions and Special Directors shall retire from Office. The official Nominee Director of the Department of Pharmaceuticals shall continue to hold the office of Nominee Director till retirement/transfer from the Department of Pharmaceuticals or by order specifically terminating tenure issued by the Department of Pharmaceuticals. The Managing Director shall retire on ceasing to hold office of the Managing Director.

NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING



iii) Amendment of Article 26 of Articles of Association

“RESOLVED that, approval of the Company be and is hereby given to the payment to each Director, out of funds of the Company, for his service in attending meeting of the Board or a meeting of a Committee thereof a fee of Rs. 1000/- (Rupees One thousand only) per meeting of the Board or a meeting of the Committee, as the case may be, attended by him and Article No. 26 of the Articles of Association of Company be altered by substitution of Rs. 1000/- (Rupees One thousand only) in place of Rs. 500/-”.

By Order of the Board of Directors

(JAGADEESH C HIREMATH)

Company Secretary and
Dy. General Manager (Admn).

Place : Bangalore

Date : 16.10.2015

To:

Members

Note:

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on his behalf, only on a poll. Such a proxy need not be a member of the Company.
2. Explanatory Statement as required under Section 102(2) of the Companies Act, 2013 in respect of Special Business is annexed hereto :

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of Companies Act, 2013

Item No. B

I. Composition of Board of Company:

The Companies Act 2013 has come into force. As per provisions of Companies Act 2013, Company needs to have two Independent Directors.

The Company sought advise from Government of India regarding consequential amendment to Articles of Association including composition of the Board. Considering the communication dated 24.07.2015 of Government of India, Board of Directors of Company at their Meeting held on 29.09.2015 have approved for consequential amendments to Articles of Association including Composition of Board as stated above.

Pursuant to the relevant provisions of the Companies Act 2013, the above said alterations should be approved at General Meeting by way of Special Resolutions. Your Directors recommended the proposed resolutions giving effect to above alterations for your approval

None of the Directors are interested in the proposed resolution.

II. Amendment to Article 32(i) of Articles of Association of Company

Government of India vide letter dated 24.07.2015 has asked Company to amend Article 32(i) of the Company. Further, Board of Directors in their meeting held on 29.09.2015 have also approved amendments to Article 32(i) regarding retirement of Directors.

Pursuant to the relevant provisions of the Companies Act 2013, the above said alterations should be approved at General Meeting by way of Special Resolutions. Your Directors recommended the proposed resolutions giving effect to above alterations for your approval

None of the Directors are interested in the proposed resolution.



NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

III. Amendment to Article 26 of Articles of Association of Company:

The Directors, who are not in full time employment of the Company, do not get any other remuneration, other than by way of sitting fees, in respect of meetings attended by them. The sitting fee of Rs. 500/- (Rupees Five hundred only) was fixed during 2001. Over the years, the responsibilities of the Directors have gone up through various enactments. Also, during the last 14 years, there has been increase in the cost of living. Under the circumstances, it is considered fair that the remuneration of the Directors by way of sitting fees be increased so as to partly compensate with the increased responsibilities shouldered by them. Hence, it is proposed to increase the remuneration by way of sitting fee, to Rs. 1000/-. The proposed amount is within the maximum ceiling limit permissible under the Companies Act, 2013. The proposal to increase the sitting fees would require amendment of the Article No. 26 of the Articles of Association of the Company for which approval of shareholders would be required in the General Meeting. Hence, this Special Resolution.

The Directors, except the Managing Director of your Company, are interested in this resolution to the extent of remuneration proposed to be paid to them by way of sitting fee for each Board or Committee Meeting attended by them.

By Order of the Board of Directors

(JAGADEESH C HIEMATH)

Company Secretary and
Dy. General Manager (Admn).

Place : Bangalore

Date : 16.10.2015

VISION

TO ACHIEVE EXCELLENCE IN THE FIELD OF MANUFACTURE AND MARKETING OF QUALITY DRUGS AND HEALTH CARE PRODUCTS AT AFFORDABLE PRICES FOR ALL.

MISSION

1. TO HAVE MANUFACTURING FACILITIES COMPLYING WITH INTERNATIONAL STANDARDS.
2. TO STRENGTHEN THE MARKETING EFFORTS TO ACHIEVE 10% GROWTH IN EXPORTS AND PRIVATE TRADE MARKET EVERY YEAR.
3. TO CONTINUOUSLY IMPROVE THE QUALITY OF PRODUCTS AND SERVICES TO ENHANCE CUSTOMER SATISFACTION.
4. TO DEVELOP HIGHLY MOTIVATED MULTI SKILLED HUMAN RESOURCES TO INCREASE PRODUCTIVITY.

CHAIRMAN'S STATEMENT



SPEECH DELIVERED BY CHAIRMAN, AT THE 34th ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BANGALORE ON 17.11.2015

1. On behalf of the Board of Directors and on my personal behalf, I take pleasure in extending a warm welcome to each one of you to the Annual General Meeting of your company.
2. It gives me immense pleasure to report to you on the performance of your company in financial year 2014-15. Your Company has increased almost 3% of its production and 2.5% of its sales compared to previous year (2013-14). The Directors' Report and accounts of the company for the year ended 31st March 2015 have already been provided to all the share-holders, and with permission of all present here, I shall consider them as read.

RESERVES & SURPLUS

(Rs. in Lakhs)



3. MACRO ECONOMIC SETTING

During the year 2014-15, the Indian Economy witnessed GDP growth of 7.3% as compared to last year 6.91%. Farm sector has registered a marginal growth of 0.2%, where as Industrial Sectors grew by 6.1% as compared to last year. The service sector that accounts for nearly 60% of the economy grew by 8.1%.



Sr. Officers attending
"Vigilance Awareness Week" at Corporate Office



Non-officers (Technical) attending training programme
at Training Centre at factory.

4. OPERATIONAL PERFORMANCE

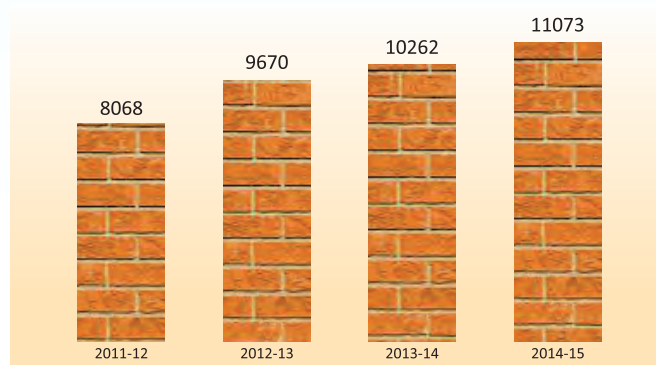
I am delighted in informing you that your company achieved production value of Rs.28181 lakhs (previous year Rs.27573 lakhs). The company achieved sales turnover of Rs 24724 lakhs (previous year Rs. 24159 lakhs)

5. FINANCIAL RESULTS

Your company has achieved a Profit Before Tax of Rs.1733 lakhs (previous year Rs. 1207 lakhs) And Profit After Tax of Rs. 1106 lakhs (previous year Rs.776 lakhs). The Book Value per share (Face Value of Rs.100/-) is Rs. 820/- (previous year Rs. 761/-). The Earning per share is Rs.82/- on a Face Value of Rs 100/-

NET WORTH

(Rs. in Lakhs)



6. DIVIDEND

As you are aware KAPL is the only Pharmaceutical Company in the Central Drug Sector to consistently declare dividend for the past 25 years. For the year 2014-15, Directors have recommended a dividend of 14% as compared to 11.5% last year.

7. "VERY GOOD" RATING

Based on self-appraisal, your company has achieved "Very Good" rating for the achievement of targets under

Memorandum of Understanding (MoU) entered into by the company for the year 2014-15.

8. CORPORATE SOCIAL RESPONSIBILITY

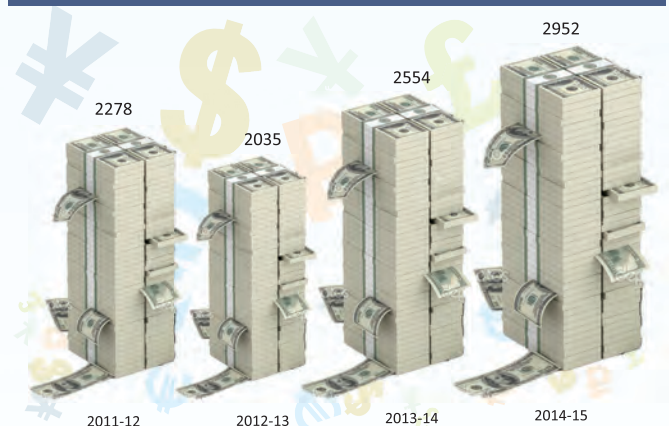
Corporate Social Responsibility (CSR) is an integral part of Corporate Business Strategy of the Company. Medical Health Check up Camps were conducted for the benefit of people and other CSR activities were carried out as per Companies Act 2013.

9. CORPORATE GOVERNANCE

The company has been maintaining the highest standards of Corporate Governance. Company has been adhering to the corporate governance guidelines issued by the Department of Public Enterprises, Government of India.

EXPORT TURNOVER

(Rs. in Lakhs)



10. ACKNOWLEDGMENT

10.1 At the outset, I place on record my sincere thanks to various departments of Government of India, Government of Karnataka and other State Governments for the constant support, guidance and counsel.



Hindi Workshop is in progress at Corporate Office



Jr. Executives, Executives & Asst. Managers attending training programme at Training Centre at factory

10.2. My deep gratitude is due to your valued customers for their trust in the Company.

10.3. On behalf of the Board as well as my Personal behalf, I thank all the employees and the management for having helped the company to reach greater heights.

10.4. I am grateful for the immense contribution made by your Auditors and the Legal Advisors.

10.5. I am failing in my duty if I do not thank the Directors on the Board for their invaluable support and contribution in steering the company to achieve glorious performance.

11. I now commend the Balance Sheet as on 31.03.2015, Profit and Loss Statement for the year ended on that date and the Directors' Report for the adoption.

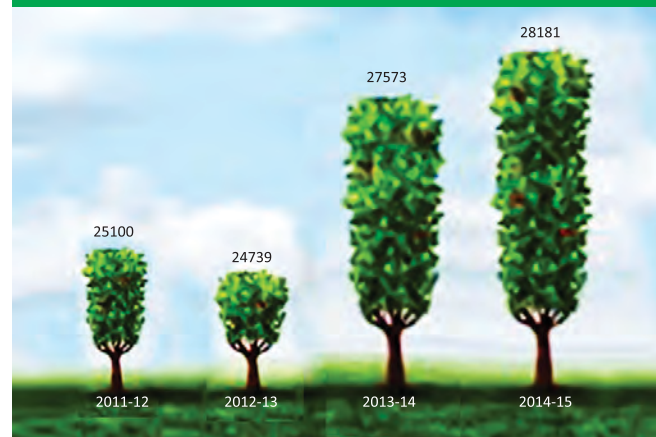
Place : Bangalore

Date : 17.11.2015

Chairman

VALUE OF PRODUCTION

(Rs. in Lakhs)



DIRECTOR'S REPORT

To
The Shareholders
Karnataka Antibiotics & Pharmaceuticals Limited

Gentlemen,

We are delighted to present our Report on behalf of the Board, on the business and operations of the Company for the year ended 31st March 2015.

1. HIGHLIGHTS

The performance highlights of your Company are furnished in the Table - I :

Table I

PERFORMANCE HIGHLIGHTS (Rs. in Lakhs)				
Sl. No.	Particulars	2012-2013	2013-2014	2014-2015
1.	Production*	24739	27573	28181
2.	Sales	22358	24159	24724
3.	Exports (included in Sl. No.2 above)	2035	2554	2952
4.	Profit before Tax	1519	1207	1733
5.	Profit after Tax	1129	776	1106
6.	Reserves and Surplus	8321	8913	9724
7.	Paid up Share Capital	1349	1349	1349
8.	Dividend (%)	8	20**	14
9.	Earning per Share(Rs.) (Face value Rs.100/-)	108	58	82
10.	Book value of the Share (Rs.) (Face value Rs.100/-)	717	761	820

*includes the value of Contract manufacturing

**% age on PAT

2. SHARE CAPITAL

The authorized capital is Rs. 1500 lakhs and paid up capital continues to be Rs. 1349 lakhs.

3. FINANCE

Your Company has been sanctioned Rs. 800 lakhs towards term loan for Cephalosporin Project by Vijaya Bank and as on 31.03.2015 outstanding is Rs. 623 lakhs.

As on 31.03.2015, the borrowing from Banks for working capital requirements was Rs.452 lakhs. (previous year Rs.497 lakhs). Due to continuous monitoring of funds position and improved sales realization, the interest burden was at Rs. 15 lakhs (previous year Rs. 20 lakhs)

4. PRODUCTION

Your Company achieved the production of value of Rs. 28181 lakhs (previous year Rs. 27573 lakhs). The annual production value per factory employee per annum was Rs. 128 lakhs (previous year Rs 123 lakhs).



Shri K. M. Prasad, MD is seen with other dignitaries during Kannada Rajyotsava Celebration at factory

5. CAPACITY UTILISATION:

The details of capacity utilisation, for the last three years, are furnished in the Table – II.

Table II

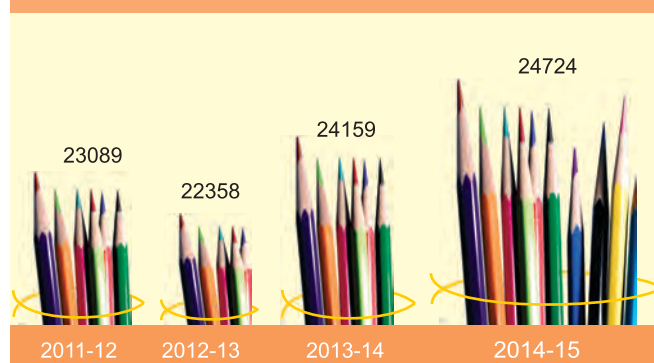
CAPACITY UTILISATION (in %)				
Sl. No.	Particulars	2012-2013	2013-2014	2014-2015
1.	Liquid Parenterals	172	140	127
2.	Vials	81	82	93
3.	Tablets	212	127	120
4.	Capsules	150	148	143

6. SALES TURNOVER

You will be glad to know that your Company achieved a sales turnover of Rs. 24724 Lakhs – as against Rs. 24159

SALES TURNOVER

(Rs. in Lakhs)



CONTRIBUTION TO EXCHEQUER

(Rs. in Lakhs)



lakhs achieved during 2013-14 a growth of 2.34% over the previous year.

The performance in Branded and Generic segments was excellent. You will be delighted to know that the sales under the Brand "Grenil" achieved Rs. 1224 lakhs compared to previous year Rs. 1024 lakhs. "Cetrix" exceeded to Rs. 1098 lakhs compared to previous year Rs. 885 lakhs. Sales Turnover of Cyfolac group achieved Rs. 501 lakhs as against Rs. 691 lakhs in the previous year. The sales of "Remcc" brands achieved sales of Rs. 386 lakhs compared to sales of Rs. 420 lakhs in the previous year. Sales turnover of "Verclav" has touched to Rs. 298 lakhs. Sales turnover of K-Cycline has touched to Rs. 392 lakhs. Sales turnover of each of the brands viz "Maxiflam group" "Verixime", "Cefpar", "Zinfe", "Lotace", "Numol", "Cetrix" (Veterinary), "K-Live" (Agro) & "Cal K" Kalvkin Group (Agro) exceeded Rs. 100 lakhs each.

The comparative figures of sales turnover are furnished in the Table – III.

Table III

SALES TURNOVER				
(Rs. in lakhs)				
Sl. No.	Particulars	2012-2013	2013-2014	2014-2015
1	Liquid Parenterals	2603	2361	2573
2	Liquid Orals and Dry Syrup	584	615	573
3	Vials	6505	6855	8123
4	Tablets	4630	4958	5463
5	Capsules	1790	1950	2140
6	Others	6246	7420	5852
	Total	22358	24159	24724

7. NEW PRODUCTS

To improve the sales volume and the margins, the Company introduced the following products:

- a) Apifeast Syrup
- b) Numol SP Tablet
- c) Taspin MP Inj.
- d) Kapcure Plus Spray

8. EXPORTS

Your Company achieved an export turnover of Rs. 2952 lakhs. Exports were made to countries such as Malaysia, Phillippines, Uganda, Sri Lanka, Kenya, Russia, Kazakhstan, Zimbabwe, Sudan, Namibia, Costa Rica, El Salvador, Guatemala, Mozambique, Thailand and Vietnam and Company has planned to export the medicines to additional Countries, such as Belarus, Cambodia, Nigeria & Ukraine.

9. FINANCIAL RESULTS :

The summarized financial results for the year 2014-15 are furnished below in Table – IV:

Table IV

FINANCIAL RESULTS			
(Rs. in lakhs)			
Particulars	2012-2013	2013-2014	2014-2015
Profit before interest, depreciation and tax:	1783	1428	2086
Less : Interest and other financial charges	71	29	15
Cash Profit	1712	1399	2071
Less : Depreciation	193	192	338
Profit before tax	1519	1207	1733
Less : Provision for taxation	390	431	627
Profit after tax and adjustment	1129	776	1106



Dy. Managers, Managers & Senior Managers attending the Training Program at factory.

10. The key ratios achieved during the year are furnished in the Table – V.

Table V

KEY RATIOS			
Particulars	2012-2013	2013-2014	2014-2015
Earning per Share-Rs. (face value Rs 100/-)	108	58	82
Book value per share – Rs. (face value Rs 100/-)	717	761	820
Turnover to gross Fixed assets (%)	592	627	627
Finance cost to turnover (%)	0.32	0.12	0.06

11. DIVIDEND

Your Company has been declaring dividend for the last 25 years. For the financial year 2014-15, your Directors have pleasure in recommending a dividend @ 14% .

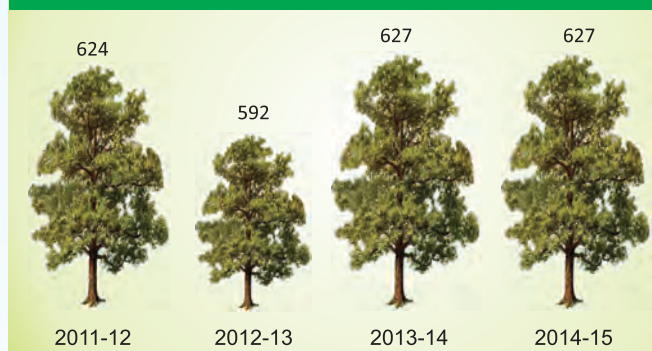
12. RESERVES & SURPLUS :

Your Directors propose to transfer Rs. 850 lakhs to the general reserves. You will be glad to note that the cumulative reserve and surplus as on 31.03.2015 were Rs. 9724 lakhs. The reserve and surplus were 7.20 times of the paid up equity capital of Rs. 1349 lakhs. As on 31.03.2015, the net worth of your Company stood Rs. 11073 lakhs.



Computer Training Programme for partially blind children at Snehadeep Trust

TURNOVER TO GROSS FIXED ASSETS (%)



13. INVENTORIES AND DEBTORS

The value of total inventories consisting of raw materials, work in progress and finished goods were Rs. 5051 lakhs which worked out 20.42% (previous year 15.55%) of sales turnover. As on 31.3.2015, debtors were Rs. 6424 lakhs which was equivalent to 95 days of sales.

14. PERFORMANCE AGAINST MEMORANDUM OF UNDERSTANDING:

The Company signs a Memorandum of Understanding (MoU) every year. The Company's performance under the MoU, for the year 2014-15 based on internal evaluation, is "Very Good". The MoU for 2015-16 has also been signed.

15. CONTRIBUTION TO PUBLIC EXCHEQUER

Your Company has contributed a sum of Rs. 2780 lakhs (previous year Rs. 2757 lakhs) to the exchequer of Central and State Governments by way of Income Tax, Sales Tax, Excise Duty, Customs Duty, Entry Tax, Service Tax etc.

16. ENCOURAGEMENT TO MEDIUM, SMALL ENTERPRISES

Government of India vide Order No. S.O.581(6) dated 23.03.2012 has notified a new Public Procurement Policy for Micro, Small Enterprises. As per the Order, minimum 20% of total annual purchases of products or services produced by Micro, Small Enterprises has to be procured from MSEs including reservation of 20% to units owned by Scheduled Caste/Scheduled Tribe Entrepreneurs. Your Company has procured goods from Micro, Small Enterprises during 2014-15 to the extent of Rs. 8,59,128/- which is beyond 20% as stipulated.

17. DUES PAYABLE TO MICRO AND SMALL ENTERPRISES

Amount payable to Micro and Small Enterprises due as on 31.03.2015 are: (in Rupees)

1 Amsar Pvt. Limited, Indore	2,58,059
2 Amishi Drugs, Ahmedabad	3,76,761
3 Art Print & Pack, Bangalore	64,72,012
4 Balaji Pharma Pack, Bangalore	45,818
5 Card Box, Bangalore	2,20,870
6 Creative Aromatics Spl Pvt Ltd., Bangalore	10,461
7 Dhariyal Polymers Pvt Ltd., Ahmedabad	87,210
8 Gargia Enterprises, Bangalore	41,756
9 G R V Merchandising, Bangalore	4,83,654
10 Ideal Cures Pvt. Ltd., Mumbai	2,16,591
11 Janta Ayurvedic Aushadi Prathisthan, Agra	12,733
12 Kishore Pharma, Bangalore	13,44,979
13 Lotus Printers, Bangalore	32,629
14 Lisa Ampoules, Hyderabad	16,26,485
15 Leuchtstoffwerk (I) Pvt Ltd., Maharashtra	1,40,569
16 Maple Biotech Pvt Ltd., Pune	92,259
17 Meditop, Bangalore	9,79,227
18 Nataraj Poly Pack, Bangalore	84,189
19 Organic Industries, Bangalore	91,64,33
20 Padma Chemicals, Bangalore	97,060
21 Paragon Vial Caps, Bangalore	6,06,256
22 Polynova Packers, Bangalore	26,149
23 Prashanthi Polymers, Bangalore	2,56,616
24 P.D.Navkar Bio Chem Pvt. Ltd., Bangalore	9,643
25 Resil Chemicals P Ltd., Bangalore	1,13,214
26 Rosswell Industries, Ahmedabad	2,29,500
27 Ramsons Print N Pack, Bangalore	14,56,696

28 Rajashree Offset Packaging, Bangalore	38,336
29 Swastik Packaging Pvt Ltd., Mumbai	1,99,624
30 R M Graphics, Bangalore	18,612
31 Vial Seal Industries, Mumbai	1,31,963
TOTAL	1,66,26,361

18. FOREIGN TRAVEL

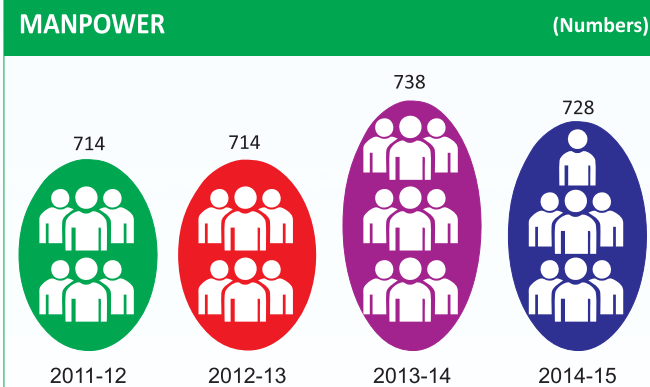
During the year 2014-15, two employee was deputed abroad for business purposes. The expenditure incurred in this connection by the Company was Rs. 7.63 lakhs.

19. HUMAN RESOURCES

The total manpower of the Company as on 31.03.2015 was 728 Nos. consisting of 244 Officers and 484 Non Officers.

20. HUMAN RESOURCE DEVELOPMENT

Employees are most valuable tangible assets of the Company. We have created a favourable work environ-



Employees participating in sports event during Picnic

ment. Investing in people's competencies for the business requirements of tomorrow is very much important. In order to keep pace with the latest changing scenario, and the need to update the knowledge and skills of human resources to stay ahead and emerge as a successful organization, the Company has taken various initiatives.

The Company continues to organize the training programmes both in house as well as through Institutes / Consultants enabling the employees to interact with other Professionals and to acquire better capabilities and skills.

During 2014-15, training was provided to the extent of 1025 manday's. The Company got excellent rating for exceeding the training target set under the MoU. The expenditure incurred for Training and Development during the year amounted to Rs. 10.55 lakhs.

AVERAGE SALES PER SALES PROFESSIONAL

(Rs. in Lakhs)



21. REPRESENTATION OF SC & ST CANDIDATES

The Company continued special drives for recruitment of candidates belonging to SC/ST category. The strength of employees belonging to SC/ST category as on 31.03.2015 was 124 Nos. (previous year 122 employees).

22. HUMAN RELATIONS:

During the year under review, the industrial relation scenario in the Company was peaceful, cordial and healthy.

23. EMPLOYEE WELFARE

The Company continues various welfare facilities such as reimbursement of medical expenses, subsidized canteen, subsidized transport, washing allowance, education allowance, incentives for higher education. The expenditure on the provision of welfare and other amenities amounted to Rs. 587 lakhs (Rs. 565 lakhs during 2013-14).

24. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place an Anti Sexual Harassment Policy in line with requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during financial year.

No. of complaints received: Nil

No. of complaints disposed off: NA

25. EXTRACT OF ANNUAL RETURN

The extract of Annual Return is enclosed at Annexure – 1. (Format No. MGT-9)

26. BOARD MEETINGS:

During the year 2014-15, four Board Meetings were held on 25.06.2014, 20.08.2014, 17.11.2014 and 26.12.2014.

27. APPOINTMENT OF DIRECTORS

Appointment of Directors is notified by Government of India as per provisions of Memorandum and Articles of Association of Company. There is only one Functional Director i.e. Managing Director and all others are Non-Executive Directors (Nominees of Government). The remuneration payable to Managing Director is fixed by Government of India as per the norms.

28. RISK MANAGEMENT POLICY:

Company has a Risk Management Policy. The risks are identified and mitigation plan for the risks are also drawn and action is taken.

29. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2013.

The particulars of employees to be furnished as per Section 134(3) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are Nil.



Chief Guest Dr. H. L. Pushpa, Poet, Dr. H. R. Surendra Prof. Ophthalmology, Sapthagiri Institute Ver'ble Mano Rakkhlta Banthija, Jetavana, Kollegal, Shri K. M. Prasad Managing Director & Mu. Ragula Kumar, President, KAP SC/ST Welfare Association during the 124th Birthday Celebration of Dr. B.R. Ambedkar on 03.07.2015.

30. RESPONSIBILITY STATEMENT OF BOARD OF DIRECTORS

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) of the Companies Act, 2013 :

- 30.1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 30.2. That such accounting policies have been selected and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2015 and of the profit of the Company for that period.
- 30.3 That proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 30.4. That the annual accounts for the year ended 31st March 2015 have been prepared on a going concern basis.
- 30.5. That proper systems are devised to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.
31. In terms of Notification No: GSR/ (E) dated 05.06.2013, issued by Ministry of Company Affairs, that Government Companies are exempted from the provisions of Section 164(2) of the Companies Act, 2013.

32. SAFETY

We are glad to inform you that there were no fatal accidents during the year. The Company continues its focus on safety in operation. Employees have been provided with safety gadgets.

33. ENVIRONMENT PROTECTION AND SUSTAINABILITY MEASURES

The following steps have been taken for the environment Protection and Sustainability :

- a. Rain water harvesting has been carried out in the Terrance of SVP Production block, Welfare Block, QA/QC Block, HRD Department Block.
- b. Infiltration wells have been dug in various areas of the factory at Peenya and the rain water harvested is fed in to such Infiltration wells which improves the underground water table.

34. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the Public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

35. ENTERTAINMENT AND PUBLICITY

During the year under review, the Company has incurred Rs. 8.09 lakhs on entertainment and Rs. 13.94 lakhs on advertisement and publicity.



Independence Day Celebration at Factory
Shri K. M. Prasad, MD, seen during Celebration

36. CHANGES IN THE BOARD

36.1 The Board welcomed the appointment of the following new Directors on the Board:

Sl.No.	Name	w e f
01	Shri Atul Kumar Tiwari, IAS	09.07.2015
02	Dr. M Ariz Ahammed, IAS	27.01.2015
03	Shri Naveen Raj Singh, IAS	20.02.2015
04	Shri Raghurama Bhandary	20.02.2015

36.2 The following ceased to be Directors on the Board with effect from date shown against their names:

Sl.No.	Name	w e f
01	Shri N. Sivasailam, IAS	20.02.2015
02	Shri V.P. Baligar, IAS	17.11.2014
03	Ms. Monika Verma	17.11.2014
04	Shri V. K. Mehta	17.11.2014

The Board placed on record its deep appreciation of the services rendered by the above outgoing Directors during their tenure on the Board.

37. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars, as prescribed under Sub Section 3(m) of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014, are set out in the annexure-2 included in this report.

38. RELATED PARTY TRANSACTIONS

The information of particulars of contracts or arrangements with related parties referred to in sub section (i) of Section 188 in the Form AOC-2 is nil.

39. KEY MANAGERIAL PERSONNEL (KMP)

Company has appointed Key Managerial Personnel as per the provisions of Companies Act 2013. In addition to Managing Director, Company Secretary and General Manager (Finance) are appointed as Key Managerial Personnel.

40. ENERGY CONSERVATION MEASURES:

Following steps have been taken in this direction:

- In bonded warehouse and DPP-I, Conventional Tube Lights are replaced with LED Lights.
- 10 Nos. LED Solar Street Lights were installed in Peenya Plant and 5 Nos. were installed in Kadabagere Land.



Senior Officers attending Training Programme at factory.

41. ANNUAL GENERAL MEETING

The 33rd Annual General Meeting of the Company was held on 17.11.2014.

42. OFFICIAL LANGUAGE

During the year under review, efforts were made for effective and successful implementation of the Official Language Policy of the Government. Workshops, essay writing competitions were held. The Company has been deputing employees for Hindi examination conducted by the Hindi Teaching Scheme, Government of India. Forms and Circulars, Notices have been made bilingual. Annual report of the Company for 2013-14 has been printed in Hindi also.

43. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT:

Corporate Social Responsibility (CSR) is an integral part of the Company's business strategy. As a responsible corporate citizen, we take charge of our social and environmental footprint. The Board of Directors have approved CSR Policy to the Company. Board's CSR Committee has also been constituted under Chairmanship of Managing Director, KAPL. The CSR activities undertaken by the Company include

- Distribution of free Medicines during emergency situation.
- Conduct of free Cardiac/Diabetic camp and free distribution of medicine.
- Sponsoring of blind persons for Computer Training.
- Maintenance of BBMP Garden near Corporate Office.
- Sponsoring for Health related programmes.



An amount of Rs. 34.20 lakhs was approved as CSR Budget and an amount of Rs. 25.77 lakhs has been spent towards CSR activities. The details are enclosed in Annexure – 3. Company could not spend balance amount of Rs. 8.43 lakhs towards CSR activity as some of the proposal were received late by the company.

44. VISIT OF DIGNITARIES

Following dignitaries visited Company during the year Shri A K Karn, Under Secretary, Dept. of Pharmaceuticals, Ministry of Chemicals & Fertilizers, New Delhi.

45. AUDITORS

The Comptroller Auditor General of India, appointed M/s. Manian & Rao, Chartered Accountants, as Statutory Auditors for auditing the accounts of the Company for the year 2014-15.

46. COST AUDITOR

The reports of M/s. Rao, Murthy and Associates, Cost Accountants in respect of Cost Accounts of the formulations of the Company for the year ended 31.03.2015 will be filed to the Central Government in due course.

47. COMMENTS ON THE ACCOUNTS BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Comments if any, under section 143(6) of the Companies Act, 2013, of the Comptroller and Auditor General of India on the accounts of the Company, for the year ended 31.03.2015 will be appended on receipt of the same.

48. COMPUTERIZATION ACTIVITIES:

During 2014-15, the following activities were undertaken;

- Mobile Application designed and developed for the benefits of Field Marketing Personnel to view information related to Sales, Receivables, Outstanding etc., on their Smart Phones.
- Connected new Cephalosporin Building with Fiber Optic Cable Network.
- Information Technology Audit carried out for CFA locations of Western and Northern India and trained CFA staff and Branch Executives on Secure Operation of computerized systems.
- KAPL Website hosted in BSNL Data centre.

49. ACKNOWLEDGEMENTS

- 49.1 Your Directors place on record their gratitude to Government of India, particularly Department of Pharmaceuticals and other Departments of Government of India and Government of Karnataka, particularly Health and Family Welfare Department including Drugs Controller, Commissioner for Health & Family Welfare Services, Addl. Director, Karnataka State Drug Logistics & Ware housing Society, Karnataka State Industrial Infrastructure and Development Corporation Limited for their active support and co-operation.
- 49.2 The Board is grateful to the Comptroller and Auditor General of India and Principal Director of Commercial Audit, M/s. Manian & Rao, Chartered Accountants, the Statutory Auditors, M/s. MSSV & Co., the Internal Auditors, Central as well as Karnataka State Pollution Boards and the others.
- 49.3 The Board extends thanks to M/s. Vijaya Bank, State Bank of India, ICICI Bank Ltd., HDFC Bank and Corporation Bank for their support.
- 49.4 The Directors are thankful to the valued customers and suppliers in India and outside India for their support and confidence. We look forward to the continued support in future.
- 49.5 Your Directors place on record its appreciation for the dedicated work put forth by the employees at all levels without which the better operating results would not have been possible.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore
Date : 07.09.2015

Raghurama Bhandary **K.M. Prasad**
Director Managing Director

THE COMPANIES (MANAGEMENT & ADMINISTRATION) RULES, 2014

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2015

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

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : U24231KA1981GOI004145
- (ii) Registration Date : 13.03.1981
- (iii) Name of the Company : Karnataka Antibiotics & Pharmaceuticals Ltd
- (iv) Category/Sub-Category of the Company : Pharmaceutical
- (v) Address of the Registered Office and Contact details : Nirman Bhavan, Dr. Rajkumar Road, Rajajinagar 1st Block, Bangalore – 560 010
- (vi) Whether listed Company Yes/No : No
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NIL

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:

Sl.No.	Name and Description of main products/Services	NIC code of the Product/Service	% to total turnover of the Company
1	NIL		
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

Sl.No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1					
2					

FORM MGT-9 COMPANIES (MANAGEMENT & ADMINISTRATION) RULES, 2014
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of total Share	
A. Promoters									
(1) Indian									
a) Individual / HUF									
b) Central Govt.	-	798180	798180	59.17	-	798180	798180	59.17	Nil
c) State Govt.(s)	-	550820	550820	40.83	-	550820	550820	40.83	Nil
d) Bodies Corp.									
e) Banks/FI									
f) Any other									
Sub Total (A)(1):	-	13,49,000	1349000	100	-	1349000	1349000	100	Nil
(2) Foreign									
a) NRIs Individuals									
b) Others Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other....									
Sub Total (A)(2) :									
Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)	-	13,49,000	1349000	100	-	1349000	1349000	100	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-Total (B)(1) :									

ANNEXURE-1 TO DIRECTOR'S REPORT (contd.)



Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of total Share	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual Shareholders Holding nominal share capital upto Rs. 1 lakh									
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
Sub-Total (B)(2) :									

I. FORM MGT-9 COMPANIES (MANAGEMENT & ADMINISTRATION) RULES, 2014

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Share	Demat	Physical	Total	% of total Share	
Total Public Shareholding (B)=(B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		1349000	1349000	100		1349000	1349000	100	Nil

II. SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	President of India	798177	59.168	Nil	798177	59.168	-	Nil
2	Shri K M Prasad	1	0.00007	Nil	1	0.00007	-	Nil
3	Ms. Monika Verma	1	0.00007	Nil	1	0.00007	-	Nil
4	Shri A K Karn	1	0.00007	Nil	1	0.00007	-	Nil
5	KSIIDC	550818	40.831	Nil	550818	40.8315	-	Nil
6	Shri N Sivasailam	1	0.00007	Nil	1	0.00007	-	Nil
7	Shri Raghurama Bhandary	1	0.00007	Nil	1	0.00007	-	Nil

III. CHANGE IN PROMOTERS' SHAREHOLDING (please specify, if there is no change) : N.A.

Sl. No.		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
	At the beginning of the year				
	Date wise Increase/decrease in Promoters Share holding during the year specifying				
	The reasons for increase/decrease (eg. Allotment/ transfer/ bonus/sweat equity etc)				
	At the end of the year				

IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(other than Directors, Promoters and Holders of GDRs and ADRs)

No Change

Sl. No.		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
	At the beginning of the year				
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/bonus/Sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.		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
	At the beginning of the year	N. Sivasailam K. M. Prasad Ms. Monika Verma	0.00007 0.00007 0.00007	1 1 1	0.00007 0.00007 0.00007
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (eg. Allotment / transfer/ bonus/Sweat equity etc.)				
	At the end of the year	N. Sivasailam K. M. Prasad Ms. Monika Verma	0.00007 0.00007 0.00007	1 1 1	0.00007 0.00007 0.00007

VI. INDEBTEDNESS
Indebtedness of the Company including interest outstanding / accrued but not due for

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due	49730407			
Total (I + ii + iii)	49730407			
Change in Indebtedness during the financial year				
• Addition	21199989			
• Reduction	8576199			
Net Change	12623790			
Indebtedness at the end of the Financial year				
(i) Principal Amount	62354197			
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (I + ii + iii)	62354197			

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total amount
1.	Gross Salary	K M Prasad			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Rs. 20.00 Lakhs			
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	Rs. 2.00 Lakhs			
	(c) Profits in lieu of Salary under Section 17(3) Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of Profit - other, specify				
5	Others, please specify				
	Total (A)	Rs. 22.00 Lakhs			
	Ceiling as per the Act				

ANNEXURE-1 TO DIRECTOR'S REPORT (contd.)



B. Remuneration to other Directors : NIL

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total amount
1.	Independent Directors Fee for attending board / Committee meetings Commission Others, please specify				
	Total (1)				
2.	Other Non-Executive Directors Fee for attending board / Committee meetings Commission Others, please specify				
	Total (2)				
	Total (B) = (1+2)				
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. Remuneration to other Directors : NIL

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		C E O	Company Secretary	C F O	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		Rs. 14.60 Lakhs	Rs. 19.76 Lakhs	
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		Rs. 0.73 Lakhs	Rs. 1.50 Lakhs	
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission – as % of profit				
	Others, specify				
5	Others, Please specify				
	TOTAL		Rs. 15.33 Lakhs	Rs. 21.26 Lakhs	



ANNEXURE-1 TO DIRECTOR'S REPORT (contd.)

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore
Date : 07.09.2015

Raghurama Bhandary
Director

K.M. Prasad
Managing Director

ANNEXURE-2 TO DIRECTOR'S REPORT



Information pursuant to the Companies (Accounts) Rules, 2014.

1 CONSERVATION OF ENERGY

Following steps have been taken in this direction:

- In Bonded Warehouse and DPP-I, Conventional Tube Lights are replaced with LED lights.
- 10 Nos. of LED Solar street lights were installed in Peenya Plant and 5 Nos. were installed at Kadabagere Land.

POWER AND FUEL CONSUMPTION

PARTICULARS	Current Year	Previous Year
Electricity		
a. Purchase (units)	39,57,540	37,44,250
Total amount (Rs.)	2,74,16,468	2,38,78,477
Rate / Unit (Rs.)	6.92	6.38
b. Own Generation		
i. Through diesel generator Units	1,60,833	1,66,000
Diesel cost (Rs.)	17,05,839	28,43,157
Unit per litre of diesel oil	5.36	3.46
Cost / Unit (Rs.)	10.60	17.13
ii. Coal		
Quantity (Tonnes)	—	—
Total Cost (Rs.)	—	—
Average rate (Rs.)	—	—
iii. Furnace Oil		
Quantity (litres)	1,68,000	1,22,864
Total Cost (Rs.)	59,26,993	61,95,672
Average rate(Rs.)	35.27	50.43
iv. Others / Internal Generation		
Quantity	—	—
Total Cost (Rs.)	—	—
Rate / Unit (Rs.)	—	—

CONSUMPTION, PER LAKH OF PRODUCTION VALUE:

Particulars	Current Year	Previous year
Electricity :		
Rupees	974	801
Units	140	136
Furnace Oil :		
Rupees	199	225
Ltrs	4.84	4.50

2.0 TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION RESEARCH AND DEVELOPMENT (R&D ACTIVITIES)

The Company has not been able to carry out Research and Development work due to huge investment involved. Strategic Alliance with premier research institutions for R&D activities is under consideration. The Company has not manufactured any Bulk drug. However, your Company is developing new formulations, year after year, in order to meet the competition. The expenditure incurred towards these activities for the year is Rs. 27 lakhs.

3.0 TOTAL FOREIGN EXCHANGE USED AND EARNED

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
TOTAL FOREIGN EXCHANGE USED AND EARNED		
On import of raw material spare parts and capital goods	1075	452
Expenditure in foreign currencies for business travels, subscription, consumables stores goods for resale, commission on export sale, etc.	126	74
Remittance during the year in foreign currency on account of dividend	—	—
TOTAL FOREIGN EXCHANGE EARNED (FOB Value)	2891	2517

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore
Date : 07.09.2015

Raghurama Bhandary
Director

K.M. Prasad
Managing Director

ANNEXURE - 3
FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD REPORT

Sl. No.	CSR Project Or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub heads: (1) Direct expenditure on projects or programs (2) Over-heads:	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
1	Conducting of Free Medical Camps	Health	Various places	-	0.86 lakhs	-	Direct
2	Free Medicines during Health Camp	Health	Various places	-	0.96 lakhs	-	Direct and concerned Organisation
3	Free Medicines during Natural Calamity	Health	Jammu & Kashmir and Nepal	-	0.25 lakhs	-	Through State Government
4	Hygiene Awareness	Health	Chitradurga (Karnataka)	-	0.87 lakhs	-	Through NGO, MITU
5	Maintenance of BBMP Garden	Environment	Bangalore	-	1.42 lakhs	-	Direct
6	Rainwater Harvesting	Sustainability	Bangalore	-	11.12 lakhs	-	Water Literacy Foundation
7	Solar Street Lights	Sustainability	Bangalore	-	3.31 lakhs	-	Direct
8	Computer Training to Blind	Education	Bangalore	-	1.20 lakhs	-	NGO, Snehadeep Trust
9	Sponsoring Health Camp	Health	Karnataka	-	5.78 lakhs	-	KSDLWS

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore
Date : 07.09.2015

Raghurama Bhandary
Director

K.M. Prasad
Managing Director

1. Company's Philosophy on Code of Governance:

KAPL's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. KAPL is committed to achieve and maintain good standards of corporate governance.

2. Board of Directors:

- As on 31st March 2015, the Board consisted of 4 Directors of which and one Whole time Managing Director, one part-time Non-Executive Director from the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers and two Non-Executive Directors from Government of Karnataka.
- During the year 2014-15, four Board Meetings were held on 25.06.2014, 20.08.2014, 17.11.2014 and 26.12.2014.

c) Constitution of Board of Directors and related information:

Name of the Director	Category	No.of Board Meetings with Attendance	Attendance at last AGM	No.of outside Director-ships as on 31.03.2015	No.of outside Board Committee Membership/ Chairmanship as on 31.03.2015
Shri N Sivasailam, IAS	Chairman	4/4	Yes	Nil	Nil
Shri. K M Prasad	Managing Director	4/4	Yes	Nil	Nil
Shri V P Baligar, IAS	Non-Executive Director	3/3	Yes	9	5
Ms. Monika Verma	Non-Executive Director	0/3	No	Nil	Nil
Shri Raghurama Bhandary	Non-Executive Director	4/4	Yes	Nil	Nil
Shri V K Mehta	Non-Executive Director	1/3	No	Nil	Nil

Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company, and its management. They do not receive any remuneration from the Company.

d) Code of Conduct:

Board of Directors of your Company have laid down the Code of Conduct for all Board Members and Senior Management for maintaining standards of business conduct and ensure compliance with legal requirements. The Code of Conduct has been posted on your Company's Website www.kapllindia.com.

3. Audit Committee:

The Paid up Capital of Company as on date is Rs. 13.49 crores. As per Provisions of Section 177 of Companies Act 2013, Audit Committee has been constituted. Shri V P Baligar, IAS was the Chairman of Audit Committee. Three Meetings were held during 2014-15.

4. Disclosures:

Remuneration of Directors:

The remuneration payable to Whole-time Managing Director and his terms of service are fixed by the Central Government. The remuneration paid to Managing Director for the financial year 2014-15 was as follows:



REPORT ON CORPORATE GOVERNANCE (Contd.)

(Rs. in lakhs)

Name of the Director	Salary	Benefits	PF Contribution	Perquisites	Total
K. M. Prasad	18.00	2.00	2.00	-	22.00

Part time Directors are not paid any Remuneration/Commission except sitting fee paid for attending Board Meetings, Audit Committee Meetings and CSR Meetings which are as under:

Sl. No.	Name of the Director	Sitting Fee paid for Board Meeting (Rs.)	Sitting Fee paid for Audit Committee Meeting (Rs.)	Sitting Fee paid for CSR Committee Meeting(Rs.)
01.	Shri N Sivasailam, IAS	Rs. 2000/-	-	-
02.	Shri V P Baligar, IAS	Rs. 1500/-	Rs. 1500/-	-
03.	Shri Raghurama Bhandary	Rs. 2000/-	Rs. 1500/-	Rs. 500/-
04.	Shri V K Mehta	Rs. 500/-	Rs. 500/-	-

Part time Directors hold shares as nominee of Government of India / KSIIDC in the Company.

5. ANNUAL GENERAL MEETINGS

a) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2013-2014	17.11.2014	1200 hrs	Corp Office, Bangalore
2012-2013	24.09.2013	1230 hrs	Corp Office, Bangalore
2011-2012	29.11.2012	1230 hrs	Corp Office, Bangalore

No special resolutions were taken up in the last three Annual General Meetings. No resolutions were put through postal ballot last year and no Postal Ballot is contemplated this year also.

6. Means of Communication:

a) Annual financial results are displayed on the Company's Website : www.kaplindia.com

b) **Plant Location :**

Plot No: 14, 2nd Phase, Peenya Industrial Area, Bangalore – 560 058

c) **Address for Correspondence:**

The address of the Regd. Office of the Company is

Dr. Rajkumar Road, 1st Block, Rajajinagar, Bangalore – 560 010

The Shareholders may send correspondence to the above address.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bangalore
Date : 07.09.2015

Raghurama Bhandary
Director

K. M. Prasad
Managing Director

Independent Auditors' Report To the Members of Karnataka Antibiotics & Pharmaceuticals Limited

We have audited the accompanying standalone financial statements of **KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED** ('the Company') which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 standalone financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and the auditing standards and matters which are required to be included

in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

We draw attention to:

- i) Note no.6.2 regarding non-confirmation of balances towards trade payables to the extent of Rs.4720.06 lakhs and that the Company has adopted the balance as per books of accounts for the preparation of financial statements after necessary reconciliations.
- ii) Note no. 15.1 regarding non-confirmation of balances towards trade receivables to the extent of Rs. 4317.86 lakhs from Govt. Institutions / bodies, Note No. 15.2 regarding non-confirmation of balances towards trade receivables other than Govt. Institutions /bodies to the extent of Rs.1848.37 lakhs and that the Company has adopted the balance as per books of accounts for the preparation of financial statements after necessary reconciliations.
- iii) Note No. 17.1 regarding non confirmation of balances to the extent of Rs.60.73 lakhs in respect of deposit with Govt. departments and that the Company has adopted the balance as per books of accounts for the preparation of financial statements after necessary reconciliations.
- iv) Note No. 19.1.5 to the financial statements regarding excise duty demand of Rs.1036 lakhs received from Commissioner of Central Excise & Service tax, LTU, Bangalore towards excise duty & penalty under section 11D of the Central Excise Act, 1944 in addition to interest (not quantified) covering sale of certain products pertaining to the period from 2007-08 to 2011-12 and that the Company has preferred an appeal with CESTAT against the said order and that stay has been granted in favour of the Company.
- v) Note No. 19.1.6 regarding liability towards sales tax pending in appeal before various authorities relating to earlier years amounting to Rs.172.70 lakhs.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

- a) As required by the Companies (Auditor's Report) Order, 2015 ('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 1 a statement on the matters specified in the paragraph 3 and 4 of the said Order.
- b) As required under Section 143 (5) of the Act, based on such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us we give in Annexure 2 a statement on the directions issued by the Comptroller & Auditor General of India.
- c) As required by Section 143 (3) of the Act, we report that:
 - (i) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far it appears from our examination of those books;
 - (iii) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (v) The Company being a Government Company, the provision of Section 164(2) of the Act, regarding disqualification of Directors does not apply in terms of Notification G.S.R. 463 (E) dated 5th June, 2015.
 - (vi) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, in



our opinion and to the best of our information and according to explanations given to us:

- a) The company has disclosed the impact of pending litigations on its financial position in its financial statements.
- b) The company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- c) As per books of accounts and based on information and explanation provided to us, there are no amounts which were required to

be transferred to Investor's Education and Protection Fund by the Company and hence commenting on delay in transferring amounts required to be transferred to the Investors Education & Protection Fund does not arise.

For **MANIAN & RAO**
Chartered Accountants
(Firm Registration No.: 001983S)

R. SRIKANTH
Partner
Membership No: 203138

Bangalore
27th August, 2015

THE ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31ST MARCH, 2015. WE REPORT THAT:

1. FIXED ASSETS

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a regular system for physical verification of its fixed assets by which the fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. As per the certification issued by the management and relied upon by us, no material discrepancies were noticed on such verification warranting adjustments in the books of accounts.

2. INVENTORIES

- a) The management has conducted physical verification of inventory other than those in transit at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records for inventory. As informed by management, discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

3. LOANS AND ADVANCES

As informed to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) & 3 (iii) (b) of the Order are not applicable to the Company.

4. INTERNAL CONTROL

In our opinion and according to information given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

5. According to the information and explanations given to us, the company has not accepted any deposits from the public. Therefore, provisions of clause 3 (v) of the Order are not applicable.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act read with Companies (Cost Records & Audit) Rules, 2014. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine the accuracy or completeness of the same.

7. STATUTORY DUES

- a) According to the information provided to us and relied upon by us, the Company, according to its records, is regular in depositing with appropriate authorities undisputed applicable statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Customs duty, Excise duty, VAT, Service Tax, Cess and other statutory dues. According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period exceeding six months from the date they became payable as at Balance Sheet date.

ANNEXURE-1 TO AUDITORS' REPORT (contd.)



- b) In our opinion and according to information and explanations given to us, there are no dues of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Wealth tax, Service tax, VAT, Customs duty, Excise duty, Cess and other Statutory dues which have not been deposited on account of any dispute except for Sales tax / Excise Duty as detailed below:

Sales tax cases:

Nature of Dues	Financial Year to which the matter pertains	Forum where dispute is pending	Amount (Rs. in Lakhs.)
Tamil Nadu Sales Tax Act – Sales returns disallowed, Feed Supplement and Agro Chemicals taxed at higher rate.	2003-04	Appellate Asst. Commissioner (CT) V, Chennai	1.17
Uttar Pradesh VAT Act – Supplies made to Govt. Departments at concessional rate of tax – Forms submitted not considered in assessment.	2005-06	Asst. Commissioner of Commercial Taxes (Appeals), Lucknow	10.75
Uttar Pradesh VAT Act – Tax imposed for not producing original purchase records during assessment - LST.	2009-10	Addl. Commissioner Appeals (2), Lucknow	5.92
Uttar Pradesh VAT Act – Tax imposed for not producing original purchase records during assessment - CST.	2009-10	Addl. Commissioner Appeals (2), Lucknow	6.87
Maharashtra VAT Act – Non production of 'C' Forms during assessment – LST.	2008-09	Dy. Commissioner of Sales tax, Nagpur	89.37
Maharashtra VAT Act – Non production of 'C' Forms during assessment – CST.	2008-09	Dy. Commissioner of Sales tax, Nagpur	28.76
Value of Physician samples disallowed and tax imposed.	1991-92	Tribunal, Patna	2.05
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – LST.	1996-97	JCCT, Patna	0.49
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – LST.	1997-98	JCCT, Patna	1.89
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – CST.	1998-99	JCCT, Patna	0.53
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – LST.	1998-99	JCCT, Patna	2.49
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – LST.	1999-00	JCCT, Patna	7.33
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – CST.	1999-00	JCCT, Patna	0.19
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – LST.	2000-01	JCCT, Patna	7.14



ANNEXURE-1 TO THE AUDITORS' REPORT

Nature of Dues	Financial Year to which the matter pertains	Forum where dispute is pending	Amount (Rs. in Lakhs.)
Bihar VAT Act – Exempted sales of gauge & bandages, Feed supplements disallowed and tax imposed – CST.	2000-01	JCCT, Patna	4.74
Bihar VAT Act – Exempted sales of feed supplements disallowed and tax imposed.	2002-03	JCCT, Patna	3.01
Excise Duty Case : Demand received from CCE towards ED & Penalty besides interest (not quantified) u/s 11D of CE Act, 1944 covering sale of certain products.	2007-08 to 2011-12	CESTAT, Bangalore	1036.00

- c) According to information and explanations given to us, there are no amounts which were required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of Companies Act, 1956 and Rules made thereunder.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in this financial year and in the immediately preceding financial year.
9. According to the explanations and information given to us and on the basis of examination of books of accounts, the company has not defaulted in repayment of dues to financial institution or bank during the year. The Company has not issued any debentures.
10. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken by the Company have been applied for the purposes for which they were obtained.
12. Based on the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by or on the company has been noticed or reported during the year.

For **MANIAN & RAO**
Chartered Accountants
(Firm Registration Number : 0019835)

(**R. SRIKANTH**)
Partner
Membership No: 203138

Bangalore
27th August, 2015

ANNEXURE-2 TO THE AUDITORS' REPORT (contd.)



THE ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31ST MARCH, 2015. WE REPORT THAT:

Sl. No.	Directions	Reply																																																								
1	If the Company has been selected to disinvestment, a complete status report in terms of valuation of assets (including Committed & General Reserves) may be examined including the mode and present stage disinvestment process.	Not Applicable																																																								
2	Please report whether there are any cases of waiver/ write-off of debts/loans/interests. If yes, the reasons there for and the amount invested.	During the year, the Company has written off old book debts amounting to Rs.59.63 lakhs duly approved by the Board.																																																								
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Proper records are being maintained for inventories lying with third parties; the Company has not received any asset as gift from government or other authorities.																																																								
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	<p>Age-wise analysis of pending legal / arbitration cases:</p> <p>a) Cases related to Employees: (Pending before various labour Courts/High Courts)</p> <table><tr><th>Sl. No.</th><th>Age-wise analysis</th><th>No. of cases pending</th><th>Amount (Rs. in lakhs)</th></tr><tr><td>1.</td><td>15 years & above</td><td>1</td><td>33.00</td></tr><tr><td>2.</td><td>5-10 years</td><td>2</td><td>86.00</td></tr><tr><td>3.</td><td>0-5 years</td><td>2</td><td>25.00</td></tr><tr><td></td><td>Total</td><td></td><td>144.00</td></tr></table> <p>b) Statutory Dues : Excise Duty: (Pending before CESTAT, Bangalore & Stay granted in favour of the Company against recovery of duty, penalty & interest).</p> <table><tr><th>Sl. No.</th><th>Age-wise analysis</th><th>No. of cases pending</th><th>Amount (Rs. in lakhs)</th></tr><tr><td>1.</td><td>0-5 years</td><td>1</td><td>1036.00</td></tr><tr><td></td><td>Total</td><td></td><td>1036.00</td></tr></table> <p>Sales Tax : (Pending before Sales tax authorities of various states)</p> <table><tr><th>Sl. No.</th><th>Age-wise analysis</th><th>No. of cases pending</th><th>Amount (Rs. in lakhs)</th></tr><tr><td>1.</td><td>15 years & above</td><td>5</td><td>7.45</td></tr><tr><td>2.</td><td>10-15 years</td><td>6</td><td>23.58</td></tr><tr><td>3.</td><td>5-10 years</td><td>23</td><td>128.88</td></tr><tr><td>4.</td><td>0-5 years</td><td>13</td><td>12.79</td></tr><tr><td></td><td>Total</td><td></td><td>172.70</td></tr></table>	Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)	1.	15 years & above	1	33.00	2.	5-10 years	2	86.00	3.	0-5 years	2	25.00		Total		144.00	Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)	1.	0-5 years	1	1036.00		Total		1036.00	Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)	1.	15 years & above	5	7.45	2.	10-15 years	6	23.58	3.	5-10 years	23	128.88	4.	0-5 years	13	12.79		Total		172.70
Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)																																																							
1.	15 years & above	1	33.00																																																							
2.	5-10 years	2	86.00																																																							
3.	0-5 years	2	25.00																																																							
	Total		144.00																																																							
Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)																																																							
1.	0-5 years	1	1036.00																																																							
	Total		1036.00																																																							
Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)																																																							
1.	15 years & above	5	7.45																																																							
2.	10-15 years	6	23.58																																																							
3.	5-10 years	23	128.88																																																							
4.	0-5 years	13	12.79																																																							
	Total		172.70																																																							



ANNEXURE-2 TO THE AUDITORS' REPORT (contd.)

Sl. No.	Directions	Reply																
		<div><div>c) Others :</div><table><tr><th>Sl. No.</th><th>Age-wise analysis</th><th>No. of cases pending</th><th>Amount (Rs. in lakhs)</th></tr><tr><td>1.</td><td>5-10 years</td><td>2</td><td>6.25</td></tr><tr><td>2.</td><td>0-5 years</td><td>1*</td><td>387.00</td></tr><tr><td></td><td>Total</td><td></td><td>393.25</td></tr></table><div><p>*Pending before Arbitrator in respect of Ankur Drugs & Pharma Ltd.</p><p>In our Opinion, due legal process is being followed and the monitoring mechanism for expenditure is in place.</p></div></div>	Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)	1.	5-10 years	2	6.25	2.	0-5 years	1*	387.00		Total		393.25
Sl. No.	Age-wise analysis	No. of cases pending	Amount (Rs. in lakhs)															
1.	5-10 years	2	6.25															
2.	0-5 years	1*	387.00															
	Total		393.25															

For **MANIAN & RAO**
Chartered Accountants
(Firm Registration Number : 0019835)

(**R. SRIKANTH**)
Partner
Membership No: 203138

Bangalore
27th August, 2015

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF KARNATKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of Karnataka Antibiotics and Pharmaceuticals Limited, Bangalore for the year ended on 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 August 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Karnataka Antibiotics and Pharmaceuticals Limited, Bangalore for the year ended on 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

**For and on the behalf of the
Comptroller and Auditor General of India**



(Arabinda Das)

**Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

Place: Hyderabad

Date : 14 October 2015



COMPANY OVERVIEW:

Karnataka Antibiotics & Pharmaceuticals Limited (or 'the Company') was incorporated in the year 1981 as a Govt. of India Enterprise with the objective of supplying life saving drugs at affordable prices. The Company's manufacturing facility at Bangalore started its commercial production during the year 1984 for the manufacture of Dry Powder Vials, Liquid Parenterals, Tablets, Capsules, etc.

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis for preparation of financial statements:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India on accrual basis to comply in all material aspects with the accounting standards specified under section 133 of Companies Act, 2013 read with Rules 7 of Companies (Accounts) Rules, 2014 and relevant provisions of Companies Act, 2013 / Companies Act, 1956 as applicable.

2. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported balances revenues, expenses, assets, and liabilities and disclosures relating to contingent liabilities at the end of the reporting period. However, these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

3. Fixed Assets:

Fixed assets values stated are at cost net of accumulated depreciation. The cost comprises purchase price, non-refundable taxes and duties, borrowing cost if capitalization criteria are met and other directly attributable cost for bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

3.1 Capitalization:

All direct expenses identifiable to the project during the construction period are capitalized. In respect of project activities which are carried on concurrently with production, expenses on administration and supervision incurred (the bifurcation of which between production and construction is not ascertained) are charged to revenue. Initial spares supplied along with equipment/machinery by the suppliers are capitalized.

4. Depreciation:

Depreciation on fixed Assets is provided on Straight Line Method over useful life of the assets as prescribed under Part C of schedule II of the Companies Act 2013. Depreciation is calculated on pro-rata basis from the date of Installation till the date the asset is sold or disposed otherwise.

5. **Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as a part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Statement of the year in which they are incurred.

6. **Investments:**

Long term investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary. Current investments are stated at lower of cost and fair value. Cost includes brokerage, fees and duties. On disposal of investments, the difference between the carrying amount and net proceeds is charged off or credited to the Profit and Loss Statement.

7. **Inventories:**

7.1 Raw materials are valued at lower of cost or net realisable value. The cost is determined on First-in-First out basis. Cost includes taxes, duties and freight and is net of Cenvat. Raw materials identified as obsolete are provided for.

7.2 Work in process is valued at lower of cost or net realisable value. Cost represents material cost plus fixed percentage of direct labour and appropriate fixed and variable production overheads.

7.3 Finished goods are valued at lower of cost or net realisable value. Cost represents materials, direct labour and appropriate fixed and variable production overheads.

Finished Goods whose shelf life expires within six months from the date of Balance Sheet are not valued.

7.4 Stock of spares and tools of unit value Rs.5000/- and above (based on materiality) is valued at landed cost and reckoned as at the end of the year.

7.5 Closing stock of Physician samples is valued as NIL. The value of Physician samples is included/ accounted under material consumption, excise duty, etc.

8. **Revenue Recognition:**

8.1 Revenue from sales is recognised on transfer of property in the goods to the customer in terms of sales contract and in the case of loan licence conversion contracts, on completed service contract method. Accordingly,

- i) in the case of " F.O.R. Destination" sale contracts, where acknowledgments from customer/certificate of delivery are not on hand, sale is recognized based on the estimated average time taken for the consignment to reach the destination. In respect of sale transactions nearing the end of the financial year, actual delivery evidenced by acknowledgment from customers/certificate of delivery is also considered.
- ii) in the case of " FOB " sale contracts, sale is recognised based on the date of shipment of goods on Board.
- iii) in the case of sale contracts (other than " FOB" sale contracts) where documents against payment /acceptance are sent through bank, the sale is recognised based on the date of receipt of payment / notice of acceptance by the company.

8.2 Sales returns are accounted for in the year of return.

9 Employee Benefits:

- a) Employee Benefits are recognised, measured and disclosed as per Accounting Standard-15 (Revised 2005) – “Employee Benefits”.
- b) Employee Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit & Loss in the year in which the contributions are due.
- c) Measurement of obligation towards Post Employment Benefits under Defined Benefit Plans such as Gratuity and Long Term Benefits such as Leave and Sickness Benefits are determined on actuarial basis using Projected Unit Credit Method. Actuarial gains or losses are recognized in the Profit and Loss Statement.
- d) Termination Benefits (including under VRS) are charged in the year of termination of employment.
- e) The benefits are after taking into consideration actuarial gains or losses.

10. Foreign Exchange Transactions:

a) Initial recognition:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

b) Conversion:

Foreign currency monetary items under assets and liabilities are reported at year-end exchange rates.

c) Exchange differences:

Exchange differences arising on the settlement of monetary items or on reporting monetary items of assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

11. Taxes on Income:

- a) Provision for Current tax is made on the basis of taxable income estimated in accordance with the provisions of Income tax Act, 1961.
- b) Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.
- c) Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future. Deferred tax Assets are carried forward to the extent it is reasonably/virtually certain that future taxable profit will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down/written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

12. Prior Period Transactions:

Prior years income and expenditure, above Rs.25,000/- in each case, on the concept of materiality, is accounted under the head " Prior Period Items".



13. Provisions and contingent liabilities:

Obligations, which in the assessment of the company exist on the Balance sheet date and probably require an outflow of resources are considered as liabilities and provided for. Contingent Liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly in the control of the Company, are not recognized in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in the notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

K.M. PRASAD
MANAGING DIRECTOR

RAGHURAMA BHANDARY
DIRECTOR

Refer our report of Even date
For **Manian & Rao**
Chartered Accountants
FRN : 001983S

R. RADHAKRISHNAN
General Manager - Finance

JAGADEESH C. HIREMATH
Dy. General Manager (Admn) and
Company Secretary

SRIKANTH R.
Partner
Membership No. 203138

Place : Bangalore
Date : 27.08.2015

Place : Bangalore
Date : 27.08.2015



BALANCE SHEET AS AT 31st MARCH, 2015

(Rs.in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2015	AS AT 31.03.2014
EQUITY AND LIABILITIES			
Share holders' funds			
Share Capital	1	1349	1349
Reserves and Surplus	2	9724	8913
		11073	10262
Non-current liabilities			
Long term borrowings	3	477	412
Long term provisions	4	1409	1514
		1886	1926
Current Liabilities			
Short term borrowings	5	452	497
Trade payables	6	5530	7457
Other current Liabilities	7	2134	1794
Short-term provisions	8	571	384
		8687	10132
Grand Total		21646	22320

BALANCE SHEET AS AT 31st MARCH, 2015



(Rs.in Lakhs)

PARTICULARS	NOTE NO.	AS AT 31.03.2015	AS AT 31.03.2014
ASSETS			
Non-current Assets :			
Fixed assets			
Tangible assets	9	1639	1969
Capital work-in-progress	10	2325	1961
Deferred tax assets (net)	11	120	100
Long-term loans and advances	12	1076	803
Other Non-Current Assets	13	724	595
Total		5884	5428
Current assets:			
Inventories	14	5051	3759
Trade receivables	15	6424	6994
Cash and Bank balances	16	3684	5333
Short-term loans and advances	17	584	714
Other current assets	18	19	92
Total		15762	16892
Grand Total		21646	22320
Significant Accounting Policies and Notes on financial statements 1 to 36 form an integral part of accounts.			

FOR AND ON BEHALF OF BOARD OF DIRECTORS

K. M. PRASAD
MANAGING DIRECTOR

RAGHURAMA BHANDARY
DIRECTOR

Refer our report of even date
For MANIAN & RAO
Chartered Accountants
FRN: 001983S

R. RADHAKRISHNAN
General Manager-Finance

JAGADEESH C.HIREMATH
Deputy Gen.Manager (Admn)
and Company Secretary

SRIKANTH R.
Partner
Membership No. 203138

PLACE : BANGALORE
DATE : 27.08.2015

PLACE : BANGALORE
DATE : 27.08.2015



PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Rs.in Lakhs)

PARTICULARS	NOTE NO.	YEAR ENDED 31.03.2015	YEAR ENDED 31.03.2014
INCOME			
Revenue from operations	20	23696	23419
Other Income	21	488	409
Total Revenue		24184	23828
EXPENDITURE			
Cost of materials consumed	22	10225	9219
Purchases of Stock-in-Trade	23	2453	3699
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	-697	-311
Employee benefits expense	25	5322	5175
Finance costs	26	49	55
Depreciation and amortization expense		338	192
Prior period items	27	8	3
Other expenses	28	4753	4589
Total Expenses		22451	22621
Profit before Tax		1733	1207
Tax Expense :			
1) Current tax		620	450
2) Deferred tax		13	-19
Profit for the Year		1100	776
Add : Excess Provision for taxes of earlier years withdrawn		6	0
Profit After Tax		1106	776
Earnings per equity share :			
1) Weighted Average Earnings per share (Rs.)	29	82	58
2) Diluted Earnings per share (Rs.)	29	82	58
Significant Accounting Policies and Notes on financial statements 1 to 36 form an integral part of accounts.			

FOR AND ON BEHALF OF BOARD OF DIRECTORS

K. M. PRASAD
MANAGING DIRECTOR

RAGHURAMA BHANDARY
DIRECTOR

R. RADHAKRISHNAN
General Manager-Finance

JAGADEESH C.HIREMATH
Deputy Gen.Manager (Admn)
and Company Secretary

Refer our report of even date
For MANIAN & RAO
Chartered Accountants
FRN: 001983S

SRIKANTH R.
Partner
Membership No. 203138

PLACE : BANGALORE
DATE : 27.08.2015

PLACE : BANGALORE
DATE : 27.08.2015

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
1 SHARE CAPITAL :		
Authorised :		
15,00,000 (previous year 15,00,000) Equity shares of Rs. 100/-each	1500	1500
Issued, subscribed and fully paid up :		
13,49,000 (previous year 13,49,000) Equity shares of Rs. 100/- each fully paid up	1349	1349
Total	1349	1349
1.1 Reconciliation of the number of shares outstanding at the beginning and as at the end of the year		
Opening number of shares outstanding	1349000	1349000
Shares issued during the year	0	0
Closing number of shares outstanding	1349000	1349000
1.2 Terms/Rights attached to Equity Shares :		
<p>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.</p> <p>During the year ended 31st March, 2015, Final dividend proposed for distribution to Equity Shareholders is Rs. 14 (Previous Year - Rs. 11) per share.</p> <p>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.</p>		

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
1.3 The details of the shareholders holding more than 5% of the shares :		
a) President of India		
No.of Shares	798180	798180
% held	59.17	59.17
b) KSIIDC Limited		
No. of Shares	550820	550820
% held	40.83	40.83
2 RESERVES AND SURPLUS :		
Reserves :		
General Reserve :		
As per last Balance Sheet	8586	8086
Add: Transfer from statement of Profit & Loss	850	500
Less: Utilised	68	0
Total (A)	9368	8586
CSR fund Reserve :		
As per last Balance Sheet	93	78
Less : Utilised during the year	0	3
	93	75
Add : Transfer from Statement of Profit & Loss	0	18
Total (B)	93	93
Sustainable Development Fund Reserve :		
As per last Balance Sheet	17	11
Add: Transfer from Statement of Profit & Loss	0	6
Less: Utilised during year	0	0
Total (C)	17	17
GRAND TOTAL (A+B+C)	9478	8696
Surplus in Profit and Loss Statement :		
As per last Balance Sheet	217	146
Add : Balance in Profit & Loss Statement	1106	776
Total (D)	1323	922

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
Appropriations :		
Transfer to General Reserve	850	500
Proposed Dividend	189	155
Tax on Proposed Dividend	38	26
Transfer to CSR Fund Reserve	0	18
Transfer to Sustainable Development Fund Reserve	0	6
Total (E)	1077	705
Balance in Statement of Profit & Loss (D - E)	246	217
Total	9724	8913

2.1 The Company was so far allocating 3 to 5% towards Corporate Social responsibility (CSR) and Sustainability activities as per the requirement of O.M.No.F.No.15(7)/2012 - DPE(GM)-GL-104 dated 12th April, 2013 issued by Department of Public Enterprises, Government of India. As per the provisions of Companies Act 2013 effective 01.04.2014, CSR Expenses are required to be debited to Profit and Loss Account. Hence no appropriation is made.

2.2 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. 3.88 lakhs.

As the company has spent amount of Rs. 27.14 lakhs (Previous Year Rs. 27.71 lakhs), no appropriation has been made towards this fund.

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
3. LONG TERM BORROWINGS :		
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	477	412
	477	412

3.1 The Company has been sanctioned term loan from Vijaya Bank. The details of balance of term loan as at 31st March, 2015 and the terms of repayment is as under:

PARTICULARS	Balance outstanding As on 31 st March, 2015	Balance outstanding As on 31 st March, 2014
Term Loan :	477	412
Current Rs. 147.03 lakhs (Refer Note. No. 7) (Previous year Rs. 85.59 lakhs)		
Non-Current Rs. 476.50 lakhs (previous year Rs. 411.72 lakhs)		
Terms of repayment :		
84 equated monthly instalment after 18 months repayment holiday-Rate of Interest - 12.75% - As on 31 st March 2015, 47 Instalments are remaining to be paid.		
There is no default in repayment of the above Term Loan.		
Total	477	412

(Rs.in Lakhs)

PARTICULARS	As at 31 st March, 2015	As at 31 st March, 2014
4. LONG-TERM PROVISIONS : (Refer Note No. 8.1)		
Provision for employee benefits:		
Provision for Gratuity (Refer Note No. 4.1)	160	392
Provision for Earned Leave	1044	923
Current Rs. 65.12 lakhs (Refer Note. No. 8) (Previous year Rs. 47.42 lakhs)		
Non-Current Rs. 1043.68 lakhs (previous year Rs. 923.33 lakhs)		
Provision for Sick Leave	205	199
Current Rs. 12.27 lakhs (Refer Note. No. 8) (Previous year Rs. 11.13 lakhs)		
Non-Current Rs. 205.42 lakhs (previous year Rs. 198.41 lakhs)		
Total	1409	1514
4.1 The total liability towards Gratuity to employees as at 31.3.2015 as per actuarial valuation is Rs. 2281.00 Lakhs (Previous year Rs. 2247.00 Lakhs) out of which Rs. 2258.00 Lakhs (Previous Year Rs. 2037 lakhs) is Non-Current and Rs. 23.00 Lakhs (Previous year Rs. 210.00 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.		
5. SHORT-TERM BORROWINGS :		
Working Capital Loans from banks : (Secured and repayable on demand)	452	497
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. 451.64 Lakhs (Previous Year Rs. 464.86 Lakhs) with banks, the interest on which is linked to LIBOR.		
Total	452	497

(Rs.in Lakhs)

PARTICULARS	As at 31 st March, 2015	As at 31 st March, 2014
6. TRADE PAYABLES :		
Acceptances	0	66
Dues to Micro, Small and Medium enterprises (Refer Note No. 6.1)	169	137
Others	5361	7254
Total	5530	7457
6.1 The details of amounts outstanding to Micro,Small and Medium Enterprises based on available information with the company is as follows :		
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	-	-
6.2 Confirmation of balances towards Trade Payables is awaited to an aggregate extent of Rs. 4720.06 Lakhs (Previous Year 6315.74 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. 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.		

(Rs.in Lakhs)

PARTICULARS	As at 31 st March, 2015	As at 31 st March, 2014
7. OTHER CURRENT LIABILITIES :		
Current maturities of Long term loan (Refer Note No.3)		
Term Loan	147	86
EMD and security deposits received	274	237
Sundry Creditors for Capital Works	788	643
Other payables		
Statutory	233	157
Outstanding Expenses	538	507
Others	51	55
Advance received from customers	103	109
Total	2134	1794
7.1 "Others" under Other Payables include Rs. 5.90 Lakhs (Previous year Rs. 7.27 lakhs) being the amount payable towards Executive Welfare Fund Rs. 2.70 lakhs (previous year Rs. 2.78 lakhs) and Non-executive welfare fund Rs. 3.20 Lakhs (Previous year Rs. 4.49 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs. 3.20 lakhs (Previous year Rs. 4.49 lakhs) non-executive welfare fund, a sum of Rs. 4.18 Lakhs (previous year Rs. 3.73 lakhs) is held in the form of Term Deposit with Vijaya Bank, Bangalore.		
8 SHORT TERM PROVISIONS :		
Provision for Taxation (Net)	103	0
Provision for proposed dividend (Dividend proposed is Rs. 14 Per Equity share of face value Rs. 100, Previous year Rs. 11 per equity share of face value Rs. 100)	189	155
Provision for tax on proposed dividend	38	26
Provision for Earned leave (Refer Note No.4)	65	48
Provision for sick leave (Refer Note No.4)	12	11
Provision for contingencies	164	144
TOTAL	571	384

8.1 MOVEMENT OF PROVISIONS DURING THE YEAR

(Refer Note 4 and 8)

(Rs.in Lakhs)

Particulars	Balance at the begin- ing of the year	Amount provided during the year	Amount paid/adjus- ted during the year	Balance at the end of the year
Provision for Taxation (Net)	-143	620	374	103
Proposed Dividend	155	189	155	189
Provision for tax on proposed dividend	26	38	26	38
Provision for Earned Leave	971	331	193	1109
Provision for Gratuity	392	0	232	160
Provision for Sick Leave	210	7	0	217
Provision for Contingencies :				
a) Disputed legal cases	124	20	0	144
b) Disputed statutory demands	20	0	0	20
Total	1755	1205	980	1980

9 TANGIBLE ASSETS :

(Rs.in Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	TOTAL AS AT 01.4.14	ADDITIONS DURING THE YEAR	ADJUST- MENTS DELETIONS/ IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.15	TOTAL AS AT 01.4.14	FOR THE YEAR	ADJUST- MENTS DELETIONS/ IMPAIRMENT DURING THE YEAR	TOTAL AS AT 31.3.15	AS AT 31.3.15	AS AT 31.3.14
LAND :										
FREE HOLD	23	0	0	23	0	0	0	0	23	23
BUILDINGS	1046	0	0	1046	385	60	0	445	601	661
PLANT AND MACHINERY	2423	84	9	2498	1256	301	9	1547	951	1167
FURNITURE & FIXTURES	136	6	0	142	90	15	0	105	37	46
OFFICE EQUIPMENTS	198	11	0	209	141	51	0	192	17	57
CANTEEN EQUIPMENTS	13	1	0	14	5	4	0	9	5	8
VEHICLES	13	0	0	13	6	2	0	8	5	7
TOTAL	3852	102	9	3945	1883	433	9	2307	1639	1969
PREVIOUS YEAR	3774	114	36	3852	1727	192	36	1883	1969	2047

As per transitional provision under Schedule II of the Companies Act, 2013, the carrying amount of the assets whose useful life has been completed as on 01.04.2014 have been adjusted in the opening balance of general reserves. Consequently, an amount of Rs. 95.55 lakhs has been adjusted against opening general reserves. The reduction in Deferred tax liability of Rs. 32.47 lakhs on account of the fixed assets has also been adjusted against the opening general reserves.

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) has been received and encroachment to the extent of 3 acres and 25 guntas is 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. 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. The Company has applied for survey of survey No. 22 (New No.196) during December 2008 and survey is to be carried out. Matter is being pursued. Considering the request of the Company, Survey Settlement and Land Records Department has asked the concerned Tahasildar vide letter dated 13.02.2013 and 13.3.2013 to take suitable action in the matter and submit report. Vide letter dated 20.3.2015, reminder was sent to Revenue Department Principal Secretary. Vide letter dated 20.3.2015, reminder was also sent to Tahasildar Bangalore North Taluk. Further Board at its 131st Board Meeting held on 19.02.2010, decided to grow Medicinal Plant in 10 acres in Phase 1. Accordingly, medicinal plants are being grown at Kadabagere Land.

10. CAPITAL WORK-IN-PROGRESS:

10.1 Board, at its 126th meeting held on 18.12.2008, approved Cephalosporin project at a cost of Rs. 2223 lakhs. The promoters have contributed Rs. 1200 lakhs as additional equity. The Company has availed a Term Loan of Rs. 800 lakhs from Vijaya Bank and the balance amount is funded through internal accruals. The Project work is under progress.

10.2 Capital work in progress includes a sum of Rs. 57.40 lakhs (previous year Rs. 54.54 lakhs) being the borrowing costs incurred during the year towards the term loan borrowed for the Cephalosporin project.

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

(Rs.in Lakhs)

PARTICULARS	Upto 31.03.2015	Upto 31.03.2014
Deferred Tax Liabilities :		
a) Fixed Assets - Written Down Value Difference	258	340
	258	340
Deferred Tax Assets :		
a) Provisions for doubtful debts, claims etc.,	39	39
b) Leave Salary	133	114
c) Gratuity	55	133
d) Others	151	154
	378	440
Deferred Tax Asset (Net)	120	100

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
12. LONG TERM LOANS AND ADVANCES :		
Capital Advances:		
Unsecured, Considered good Advance for capital items	1017	761
Advance to employees	1	1
Current Rs. 71.55 lakhs (Refer Note. No. 17) (Previous year Rs. 79.74 lakhs)		
Non-Current Rs. 1.25 lakhs (Previous year Rs. 0.82 lakhs)		
Prepaid expenses	5	1
Current Rs. 46.63 lakhs (Refer Note. No. 17) (Previous year Rs. 26.89 lakhs)		
Non-Current Rs. 5.38 lakhs (Previous year Rs. 0.89 lakhs)		
Deposit with Government Departments	53	40
Current Rs. 240.77 lakhs (Refer Note. No. 17 and 17.1) (Previous year Rs. 304.76 lakhs)		
Non-Current Rs. 53.25 lakhs (Previous year Rs.40.12 lakhs)		
Total	1076	803
13. OTHER NON-CURRENT ASSETS :		
Rights under Group Leave Encashment Scheme Insurance Policy (Ref. Note No. 25.2)	724	595
Total	724	595
14. INVENTORIES :		
Raw Materials - in Stock-KAPL	1741	1352
Raw Materials - LL PARTIES	208	189
Raw Materials - IN TRANSIT	284	99
Less : Provision for obsolescence	60	61
	2173	1579
Work-in-progress - KAPL	900	534
Work-in-progress - LL PARTIES	147	62
Finished Goods - in Stock	1326	1200
- in Transit	477	355
Stores and spares	28	29
Total	5051	3759

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
15. TRADE RECEIVABLES :		
Unsecured		
Outstanding for a period exceeding six months		
Considered good	1442	2096
Considered doubtful	104	103
Less : Provision for doubtful	104	103
	1442	2096
Others - Considered good	4982	4898
Total	6424	6994

- 15.1 'Sundry Debtors' includes Rs. 4317.86 Lakhs (Previous year Rs. 5108.92 lakhs) due from Government Institutions/bodies in respect of which confirmation of balances is awaited.
- 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. 1848.37 lakhs (previous year Rs. 1868.02 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.
- 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.

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
16. CASH AND BANK BALANCES :		
Cash and cash equivalents:		
Balances with banks		
- in Current/Cash Credit Account	415	998
- in fixed deposit account		
With maturity less than 3 months	3119	3119
Other Bank balances		
- in fixed deposit account		
With maturity more than 3 months	4	1006
a) An amount of Rs. 2.87 Lakhs(previous year Rs.2.67 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. 4.18 Lakhs(previous year Rs. 3.73 Lakhs) held with Vijaya Bank, Bangalore in respect of a welfare fund constituted for the welfare of the employees.		
Cash, Stamps and Coupons on hand	4	2
Margin money in fixed deposits		
- With maturity more than 3 months	58	58
Remittances - in - transit	84	150
Total	3684	5333

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
17 SHORT TERM LOANS AND ADVANCES :		
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)	72	80
Pre-paid expenses (Refer Note No.12)	47	28
Advance Income Tax (Net)	0	148
Other advances	54	46
Other receivables	178	113
Total	351	415
Deposits with Government Departments (Refer Note No.12 and 17.1)		
Considered good	233	299
Considered doubtful	7	6
	240	305
Less: Provision for Doubtful Deposits	7	6
	233	299
Total	584	714

17.1 Confirmation of balances in respect of Deposit with Government departments amounting to Rs. 60.73 lakhs is awaited (Previous Year Rs. 37.91 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.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

(Rs.in Lakhs)

PARTICULARS	AS AT 31.03.2015	AS AT 31.03.2014
18 OTHER CURRENT ASSETS :		
Interest Accrued on deposits	19	92
Total	19	92

19 CONTINGENT LIABILITIES AND COMMITMENTS :

(to the extent not provided for)

19.1	Contingent Liabilities:		
19.1.1	Claims against the company not acknowledged as debts	62	65
19.1.2	Bank guarantees	92	156
19.1.3	Letter of Credit	161	32
19.1.4	Difference in sales tax for non-receipt of Statutory forms	76	344
19.1.5	Excise Duty Demand :	1036	1036
	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.		
	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.		
19.1.6	Liability towards sales tax pending in appeal before various appellate Authorities relating to earlier years:		

(Rs.in Lakhs)

NATURE OF DUES	AMOUNT (Rs. in Lakhs)	Period to which the amount relates
Sales returns disallowed. Feed supplement and Agro Chemicals Taxed at higher rate - Tamil Nadu Sales Tax Act	1.17 (1.17)	2003-2004
The Dispute is pending with Appellate Assistant Commissioner (CT)V (Chennai)		
Supplies to government departments at concessional rate of tax- Forms submitted not considered in assessment - Uttar Pradesh VAT Act	10.75 (10.75.)	2005-2006
The Dispute is pending with Assistant Commissioner of Commercial Taxes (Appeals), Lucknow.		

(Rs.in Lakhs)

NATURE OF DUES	AMOUNT (Rs. in Lakhs)	Period to which the amount relates
Tax imposed for not producing original purchase records during Assessment (original purchase records retained by Excise department) - LST - UttarPradesh Vat Act. The Dispute is pending with Additional Commissioner Appeal (2), Lucknow.	0.00 (11.08)	2008-2009
Tax imposed for not producing original purchase records during Assessment (original purchase records retained by Excise department) - CST The Dispute is pending with Additional Commissioner Appeal (2), Lucknow.	0.00 (16.25)	2008-2009
Tax imposed for not producing original purchase records during Assessment (original purchase records retained by Excise department) - LST The Dispute is pending with Additional Commissioner Appeal (2), Lucknow.	5.92 (5.92)	2009-2010
Tax imposed for not producing original purchase records during Assessment (original purchase records retained by Excise department) - CST The Dispute is pending with Additional Commissioner Appeal (2), Lucknow.	6.87 (6.87)	2009-2010
Nature of Dues	Amount (Rs. in Lakhs)	Period to which the amount relates
F Forms submitted during Assessment not considered (LST) The Dispute is pending with Commercial Tax Tribunal , Ranchi, Jharkand VAT Act.	0.00 (4.81)	2010-2011
C Forms submitted during Assessment not considered (CST) The Dispute is pending with Commercial Tax Tribunal , Ranchi, Jharkand VAT Act.	0.00 (1.50)	2010-2011
Non production of 'C' Forms during Assessment (LST) The Dispute is pending with Deputy Commissioner of Sales Tax, Nagpur, Maharastra VAT Act.	89.37 (89.37)	2008-2009
Non production of 'C' Forms during Assessment (CST)	28.76 (28.76)	2008-2009

NATURE OF DUES	AMOUNT (Rs. in Lakhs)	Period to which the amount relates
The Dispute is pending with Deputy Commissioner of Sales Tax, Nagpur, Maharastra VAT Act.		
Value of Physician samples disallowed & tax imposed	2.05 (2.05)	1991-1992
The Dispute is pending at Tribunal, Patna		
Exempted Sales of Gauge & Bandages disallowed & tax imposed	0.49 (0.49)	1996-1997
Exempted Sales of Gauge & Bandages disallowed & tax imposed	1.89 (1.89)	1997-1998
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (LST)	2.49 (2.49)	1998-1999
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (CST)	0.53 (0.53)	1998-1999
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (LST)	7.33 (7.33)	1999-2000
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (CST)	0.19 (0.19)	1999-2000
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (LST)	7.14 (7.14)	2000-2001
Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (CST)	4.74 (4.74)	2000-2001
Exempted Sales of Feed Supplements disallowed & tax imposed	3.01 (3.01)	2002-2003
The Disputes are pending with JCCT, Patna - Bihar VAT Act.		
Calculation error at the time of assessment - West Bengal Sales Tax act	0.00 (0.44)	2009-2010
The Disputes are pending with Senior Commissioner of Commercial Taxes, Behala, Kolkatta		
Note : Against the said liability, amount of Rs. 10.05 Lakhs is deposited with department. (figures in brackets represent previous year figures)		
Total	172.70 (206.78)	

NATURE OF DUES	AMOUNT (Rs. in Lakhs)	Period to which the amount relates
19.2 COMMITMENTS:		
19.2.1 Estimated amount of contracts remaining to be executed on capital account and not provided for	917	567

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
20. REVENUE FROM OPERATIONS :		
Sale of Products	24724	24159
Other Operating Revenues	193	406
	24917	24565
Less : Excise Duty	1221	1146
Total	23696	23419

20.1 Particulars of Sale of Products :

Dry Powder Vials	8123	6855
Liquid Parenterals (Vials/Ampoules)	2573	2361
Tablets	5463	4958
Capsules	2140	1950
Dry Syrup & Suspension	573	615
Others	5852	7420
Total	24724	24159

21. OTHER INCOME :

Interest received	472	389
Exchange rate fluctuation	12	14
Miscellaneous receipts	4	6
Total	488	409

Note: Interest amount of Rs. 471.55 lakhs includes interest amount of Rs. 139.90 lakhs received from Government of Madhya Pradesh against supply of medicine kits during the year 2007-08 based on the order of Honourable High Court of Madhya Pradesh towards delay in realisation of sales proceeds.

22. MATERIALS CONSUMED :

Sl. No.	PRODUCT NAME	CURRENT YEAR			PREVIOUS YEAR		
		QUANTITY (Kgs/Bus)	VALUE (Rs. in Lakhs)	%	QUANTITY (Kgs/Bus)	VALUE (Rs. in Lakhs)	%
A.	RAW MATERIALS :						
I.	INDIGENOUS :						
	1 CEFTRIAXONE SODIUM (ST)	9044.060	674		6791.240	462	7084
	2 AMOXYCILLIN TH IP (COMP)	19800.900	450		13386.996	277	
	3 CIPROFLOXACIN	21060.188	416		34594.348	661	
	4 CEFOTAXIME SODIUM (ST)	5470.383	410		4668.510	324	
	5 STRL. PIPER & TAZO. SOD	2996.000	309		634.000	56	
	6 CEFACROXIL IP (COMP)	7939.928	302		7881.125	269	
	7 PARACETAMOL	102533.626	278		93222.124	250	
	8 CEFIXIME IP (COMPACTED)	2664.409	246		155.679	14	
	9 AMIKACIN SULPHATE	3512.400	231		4339.513	262	
	10 CEPHALEXIN IP (COMP)	6039.402	222		7552.295	268	
	11 OTHERS		4250			4241	
	TOTAL		7788	88		7084	94
II.	IMPORTED :						
	1 POTASSIUM CLAVULANATE	3647.390	608		647.080	109	
	2 HYDROCARTISONE SOD.	373.460	215		235.000	143	
	3 STREPTOMYCIN SULPHATE (ST)	5850.000	148		4090.000	110	
	4 OTHERS		52			66	
	TOTAL:		1023	12		428	6
	TOTAL OF I & II		8811	100		7512	100

22. MATERIALS CONSUMED : (Contd.)

Sl. No.	PRODUCT NAME	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY (Kgs/Bus)	VALUE (Rs. in Lakhs)	QUANTITY (Kgs/Bus)	VALUE (Rs. in Lakhs)
		(No's. in lakhs)		(No's. in lakhs)	
B.	PACKING MATERIALS : (all indigenous)				
1	VIALS, AMPOULES & BOTTLES	878.93	909	824.72	781
2	OTHERS		1638		1979
	TOTAL		2547		2760
	TOTAL OF A & B		11358		10272
	LESS : CENVAT CREDIT		1068		989
	LESS : VAT CREDIT		65		64
	NET CONSUMPTION		10225		9219

23. PURCHASES OF STOCK-IN-TRADE

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY (No. in Lakhs)	VALUE (Rs. in Lakhs)	QUANTITY (No. in Lakhs)	VALUE (Rs. in Lakhs)
Medical and Surgical Kits	*	634	*	2111
Others	*	1819	*	1588
Total		2453		3699

*Enumeration of quantities not practicable

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE;		
FINISHED GOODS AND STOCK-IN-TRADE :		
Opening Stock	1555	1136
Closing Stock	1803	1555
	-248	-419
WORK-IN-PROCESS :		
Opening Stock	596	661
Closing Stock	1047	596
	-451	65
(Increase) / Decrease	-699	-354
Excise Duty on Inventory Change	2	43
Net (Increase) / Decrease	-697	-311
25. EMPLOYEE BENEFITS EXPENSE :		
Salaries and Wages	4376	4011
Voluntary Retirement Scheme Expenses	0	44
Contribution to Provident and other funds	359	555
Staff welfare expenses	587	565
Total	5322	5175
25.1 Employee Benefit expenses include Managing Director's remuneration as under :		
PARTICULARS		
a) Salary	18	15
b) Contribution to PF	2	2
c) Others	2	2
Total	22	19

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 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014
Present value of obligations	2281	2247	65	48	1044	923	217	210
Fair value of Plan Assets	2121	1855	0	0	0	0	0	0
Present value of unfunded obligations (Net Liability)	160	392	65	48	320	328	217	210
Net Assets/(Liability) recognised in Balance Sheet	-160	-392	-65	-48	-1044	-923	-217	-210

*The reimbursement right under Group Leave Encashment Policy funded with Life Insurance Corporation of India towards encashment of Earned Leave is Rs. 724 lakhs (Previous year Rs. 595 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			
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Current Service Cost	68	187	58	36	146	87	16	18
Interest on obligation	174	176	0	2	68	73	15	15
Expected Return on Plan Assets	-172	-138	0	0	0	0	0	0
Return on Leave Encashment Policy	0	0	0	0	-48	-32	0	0
Net Actuarial Losses/(gains) recognised in the year	-72	-17	51	15	56	45	27	42
Total included in Employee benefits	-2	208	109	53	222	173	58	75
Benefits availed included under Salaries, Wages & Bonus	0	0	0	0	0	0	-51	-54
Net charged to Profit and Loss Account	-2	208	109	53	222	173	7	21
Actual Return on Plan Assets for the year	9.00%	8.85%	-	-	9.00%	8.85%	-	-

- 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 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014	As at 31.3.2015	As at 31.3.2014
Opening Obligation	2247	1973	48	54	923	881	210	188
Current Service Cost	68	187	58	36	146	87	16	18
Interest Cost	174	176	0	2	68	73	15	15
Actuarial Losses/(gains)	-77	-1	50	15	61	50	27	42
Benefits Paid/Availed	-130	-88	-91	-59	-154	-168	-51	-53
Closing Obligation	2282	2247	65	48	1044	923	217	210

- 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 31.3.2015	As at 31.3.2014
Opening Balance	1855	1756
Interest credited	166	154
Assets distributed on Settlement/Benefits paid	-130	-88
Contribution by company	230	33
Closing Balance	2121	1855

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				
	2010-11	2011-12	2012-13	2013-14	2014-15
Present Value of defined benefit obligation	1737	1860	1973	2247	2281
Fair value of Plan assets	1225	1505	1756	1855	2121
Surplus/deficit in the Plan	512	355	217	392	160

EARNED LEAVE :

(Rs.in Lakhs)

PARTICULARS	YEAR				
	2010-11	2011-12	2012-13	2013-14	2014-15
Present Value of defined benefit obligation	779	859	935	971	1100
Rights under Group Leave Encashment Scheme Policy	0	0	397	595	724
Surplus/deficit in the Plan	779	859	538	376	385

SICK LEAVE :

(Rs.in Lakhs)

PARTICULARS	YEAR				
	2010-11	2011-12	2012-13	2013-14	2014-15
Present Value of defined benefit obligation	187	205	188	210	217
Fair value of Plan assets	0	0	0	0	0
Surplus/deficit in the Plan	187	205	188	210	217

- g) Principal Actuarial assumptions at the Balance Sheet Date :

PARTICULARS	Gratuity		Earned Leave		Sick Leave	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Mortality Rate	LIC (1994-96)					
Discount Rate	8.00%	9.12%	8.00%	9.12%	8.00%	9.12%
Estimate of salary increases	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

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

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
26. FINANCE COSTS :		
Interest Expenses	15	29
Other Borrowing cost	34	26
Total	49	55
27. PRIOR PERIOD ADJUSTMENTS :		
PRIOR YEARS INCOME :	4	0
	4	0
PRIOR YEARS EXPENDITURE :		
Commission and Discounts	12	1
Legal & Professional Charges	0	1
Other Miscellaneous Expenditure	0	1
	12	3
Total	8	3
28. OTHER EXPENSES :		
Consumption of stores and spare parts	51	53
Power and fuel	351	329
Rent	116	104
Repairs to buildings	44	30
Repairs to machinery	70	37
Insurance	12	10
Rates and taxes	50	64
Auditor's remuneration: as auditor (including service tax)	3	3
Travelling and Conveyance	533	532
Commission and discounts	1663	1609
Carriage outwards	295	242
Loss on sale/discarding of assets	0	0
Other manufacturing expenses	406	438
Laboratory expenses	39	40
Communication expenses	20	23
Legal and professional charges	66	47
General maintenance expenses	127	124
Printing and Stationery	49	52
Recruitment and training expenses	31	37

(Rs.in Lakhs)

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
Other selling expenses	421	399
Sundry Receivables written off	60	53
Other provisions	21	67
CSR Expenditure	25	0
Other miscellaneous expenditure	300	296
Total	4753	4589

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.

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
29. EARNINGS PER SHARE :		
1 Profit After Tax for the year	1106	776
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) Rs.	82	58
7 Earnings per share (Diluted) (1/3) Rs.	82	58

30. STATEMENT OF SALES AND STOCK :

(Rs.in Lakhs)

Sl.No.	PARTICULARS	Value (Rs. in Lakhs)		
		SALES	CLOSING STOCK	OPENING STOCK
1	Dry Powder Vials	8123 (6855)	533 (377)	377 (306)
2	Liquid Parenterals (Vials/Ampoules)	2573 (2361)	144 (167)	167 (142)
3	Tablets	5463 (4958)	267 (279)	279 (80)
4	Capsules	2140 (1950)	139 (43)	43 (34)
5	Dry Syrup & Suspension	573 (615)	65 (32)	32 (34)
6	Others	5852 (7420)	655 (657)	657 (540)
	TOTAL	24724 (24159)	1803 (1555)	1555 (1136)

Sl. No.	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
31.	SPARES CONSUMED				
	Indigenous	51	100	53	100
	Imported	0	0	0	0
		51	100	53	100
32.	VALUE OF IMPORTS ON CIF BASIS				
	1. Raw Materials	1060		452	
	2. Capital Goods	15		0	
	3. Others	0		12	
33.	EARNINGS IN FOREIGN EXCHANGE				
	F.O.B. Value of Exports	2891		2517	
34.	EXPENDITURE IN FOREIGN CURRENCY				
	Travel and others	126		63	

35. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH 2015

PRIMARY SEGMENT : BUSINESS SEGMENT

(Rs.in Lakhs)

PARTICULARS	PHARMACEUTICALS		OTHERS		TOTAL	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014	31.3.2015	31.3.2014
REVENUE						
Sales	23524	21584	1200	2575	24724	24159
Income from Contract Manufacturing	-	-	147	122	147	122
Total Revenue	23524	21584	1347	2697	24871	24281
Segment Result	2145	1515	206	317	2351	1832
Unallocated Corporate Expenses					1065	979
Operating Profit					1286	853
Interest Expense					25	35
Interest Income					472	389
Income Tax					620	450
Deferred Tax					13	-19
Profit from Ordinary Activities					1100	776
Taxation Adjustments of Previous Year					6	0
Net Profit					1106	776
OTHER INFORMATION						
Segment Assets	14454	11878	2386	3899	16840	15777
Unallocated Corporate Assets					4806	6543
Total Assets					21646	22320
Segment Liabilities	7837	7267	941	3286	8778	10553
Unallocated Corporate Liabilities					12868	11767
Total Liabilities					21646	22320
Capital Expenditure	449	435	0	0	449	435
Unallocated Capital Expenditure					17	8
Total Capital Expenditure	449	435	0	0	466	443
Depreciation*	306	175	1	1	307	176
Non-cash Expenses other than Depreciation	0	0	0	0	0	0

* does not include depreciation on common assets

SECONDARY SEGMENT: GEOGRAPHICAL SEGMENT

(Rs.in Lakhs)

	31.3.2015	31.3.2014
REVENUE :		
INDIA	21919	21727
OUTSIDE INDIA	2952	2554
TOTAL	24871	24281
CARRYING AMOUNT OF SEGMENT ASSETS :		
INDIA	16214	15135
OUTSIDE INDIA	626	642
TOTAL	16840	15777
ADDITIONS TO FIXED ASSETS		
INDIA	466	443
OUTSIDE INDIA	0	0
TOTAL	466	443

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

RAGHURAMA BHANDARY
DIRECTOR

Refer our report of even date
For MANIAN & RAO
Chartered Accountants
FRN: 001983S

R. RADHAKRISHNAN
General Manager-Finance

JAGADEESH C.HIREMATH
Deputy Gen.Manager (Admn)
and Company Secretary

SRIKANTH R.
Partner
Membership No. 203138

PLACE : BANGALORE
DATE : 27.08.2015

PLACE : BANGALORE
DATE : 27.08.2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(Rs.in Lakhs)

	March 2015	March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	1,733	1,207
Adjustment for :		
Depreciation	338	192
Interest Income	(472)	(389)
Interest expense	15	29
Provision for Bad Debts	1	16
Bad Debts Written-off	60	53
Provision for Contingencies	20	16
Provision for Doubtful Deposits, Advance & Claims	2	1
Provision for Non-moving / Slow moving Inventory	(1)	33
Provision no longer required withdrawn	14	241
Unrealised Foreign Exchange Loss (gain)	(12)	(14)
Sundry Creditors written back	6	18
	(29)	196
Operating Profit before Working Capital Change	1,704	1,403
Adjustment for :		
(Increase)/Decrease in Trade and other receivables	310	(155)
(Increase)/Decrease in inventories	(1,293)	(514)
Increase/(Decrease) in trade payables & other liabilities	(1,882)	154
	(2,865)	(515)
Cash generated from Operations	(1,161)	888
Direct Taxes paid (Net of refund)	(374)	(492)
Net cash from Operating activities (A)	(1,535)	396
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	472	389
Purchase of Fixed assets, Capital WIP, Capital Advances	(466)	(443)
Net cash from investing activities (B)	6	(54)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015 (Contd.)

(Rs.in Lakhs)

	March 2015	March 2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in long term borrowings	126	101
Increase/(Decrease) in short term borrowings	(45)	59
Dividend paid on Equity Shares	(155)	(108)
Tax on Equity Dividend paid	(31)	(18)
Interest paid	(15)	(29)
Net cash from financing activities (C)	(120)	5
D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,649)	347
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,333	4,986
F. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (D + E)	3,684	5,333
Cash and Cash Equivalents represent the Cash and Bank balances (Refer Note No. 16)		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

K. M. PRASAD
MANAGING DIRECTOR

RAGHURAMA BHANDARY
DIRECTOR

Refer our report of even date
For MANIAN & RAO
Chartered Accountants
FRN: 001983S

R. RADHAKRISHNAN
General Manager-Finance

JAGADEESH C.HIREMATH
Deputy Gen.Manager (Admn)
and Company Secretary

SRIKANTH R.
Partner
Membership No. 203138

PLACE : BANGALORE
DATE : 27.08.2015

PLACE : BANGALORE
DATE : 27.08.2015

(Rs. in Lakhs)

SL. NO.	PARTICULARS	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
01	Value of Production	21875	23927	25100	24739	27573	28181
02	Sales Turnover	21282	20901	23089	22358	24159	24724
03	Exports (included in 2 above)	1220	2000	2278	2035	2554	2952
04	Cash Profit	1824	2032	2599	1712	1399	2071
05	Profit before tax	1642	1838	2410	1519	1207	1733
06	Profit after tax	1150	1056	1602	1129	776	1106
07	Share Capital	149	749	749	1349	1349	1349
08	Reserves & Surplus	4896	5847	7319	8321	8913	9724
09	Net Worth	5045	6596	8068	9670	10262	11073
10	Gross Block	3562	3635	3700	3774	3852	3945
11	Long Term borrowings	441	395	503	492	498	624
12	Contribution to Exchequer	1852	1964	2818	2920	2757	2780
13	Manpower (No.)	715	715	714	714	738	728
14	Average Sales per Professional Sales employee (Rs.)	30	29	32	31	38	32
15	Average production per factory employee (Rs.)	102	112	117	110	123	128
16	Dividend (%)	30	12	15	8	20	14
17	Book Value per share (Rs.) (Face value of Rs. 100)	3386	881	1077	717	761	820
18	Earning per Share (Rs.) (Face Value of Rs. 100)	772	141	214	108	58	82
19	Sundry Debtors to sales (%)	44	36	40	33	29	95
20	Turnover to gross fixed Assets (%)	597	575	624	592	627	627
21	Value of closing inventory to Sales (%)	9	13	13	15	16	20
22	Finance cost to turnover (%)	0.46	0.53	0.49	0.32	0.12	0.06
23	Material cost to turnover (%)	56	56	51	50	50	48



Sri Atul Kumar Tiwari, IAS, Chairman - KAPL & Principal Secretary, Health & Family Welfare Dept., Govt. of Karnataka seen with Sri K.M. Prasad, Managing Director, KAPL during factory visit.



Dr. M. Ariz Ahammed, IAS, Joint Secretary, Ministry of Chemicals & Fertilizers, Dept. of Pharmaceuticals seen with Senior Officers of KAPL during factory visit.



Sri Atul Kumar Tiwari, IAS, Chairman - KAPL & Principal Secretary, Health & Family Welfare Dept., Govt. of Karnataka seen with Sri K.M. Prasad, Managing Director, KAPL during factory visit.



Dr. M. Ariz Ahammed, IAS, Joint Secretary, Ministry of Chemicals & Fertilizers, Dept. of Pharmaceuticals is seen with Senior Officers of KAPL during factory visit.