



KWALITY PHARMACEUTICALS LIMITED
ANNUAL REPORT 2022-23



Quality
you can trust

<p>BOARD OF DIRECTORS</p> <p>Mr. Ramesh Arora (Managing Director) Mr. Ajay Kumar Arora (Whole Time Director) Mrs. Anju Arora (Whole Time Director) Mrs. Geeta Arora (Whole Time Director) Mr. Aditya Arora (Whole Time Director) Mr. Kiran Kumar Verma (Independent Director) Mr. Pankaj Takkar (Independent Director) Mr. Ravi Shanker Singh (Independent Director) Mr. Kartik Kapur (Independent Director) Mr. Prashanth Vellanki (Independent Director)</p>	<p>CHIEF FINANCIAL OFFICER</p> <p>Mr. Aditya Arora</p>				
<p>AUDITORS M/s ARORA AGGARWAL & CO. Chartered Accountants Address: # 1, Second Floor, J. K. Towers, Mall Road, Amritsar – 143001. Tel: 0183-5030348</p>	<p>BANKERS</p> <table border="1" data-bbox="886 625 1466 972"> <tr> <td data-bbox="886 625 1143 825"> <p>HDFC Bank Limited The Mall, Amritsar – 143001.</p> </td> <td data-bbox="1143 625 1466 825"> <p>Axis Bank Limited, Green Field Avenue, Majitha Road, Amritsar-143001.</p> </td> </tr> <tr> <td data-bbox="886 825 1143 972"> <p>ICICI Bank Limited The Mall, Amritsar – 143001.</p> </td> <td data-bbox="1143 825 1466 972"></td> </tr> </table>	<p>HDFC Bank Limited The Mall, Amritsar – 143001.</p>	<p>Axis Bank Limited, Green Field Avenue, Majitha Road, Amritsar-143001.</p>	<p>ICICI Bank Limited The Mall, Amritsar – 143001.</p>	
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<p>ICICI Bank Limited The Mall, Amritsar – 143001.</p>					
<p>COMPANY SECRETARY & COMPLIANCE OFFICER</p> <p>Ms. Gurpreet Kaur</p>	<p>REGISTRAR & SHARE TRANSFER AGENTS BIGSHARE SERVICES PRIVATE LIMITED Office No S6-2, 6th floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai - 400093, India. Board No.: 022 62638200, Fax No: 022 62638299 Email: investor@bigshareonline.com Website: www.bigshareonline.com</p>				
<p>REGISTERED OFFICE Village Nagkalan, Majitha Road, Amritsar, Punjab – 143601, India Tel: 8558820862 Website: www.kwalitypharma.com, E-mail: cs@kwalitypharma.com</p>	<p>ANNUAL GENERAL MEETING ON SATURDAY SEPTEMBER 30, 2023 AT 12:00 NOON THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”)</p>				

CONTENTS

Description	Page No.
From The Managing Director’s Desk	1
Notice To The Members	2
Directors’ Report	18
Annexures of Director’s Report	33
Corporate Governance Report	41
MD and CFO Certification	62
Management Discussion and Analysis	64
Standalone Financial Statements	70
Consolidated Financial Statements	127



FROM THE MANAGING DIRECTOR'S DESK

Dear Shareholder,

The financial year 2022-23 has been a period of immense global challenges and remarkable achievements for your company. Russia-Ukraine crisis exerted considerable cost pressures on the pharmaceutical industry due to supply chain constraints. However, despite these challenges Kwality Pharmaceuticals continued its relentless focus on expanding its footprint into semi regulated & regulated markets.

FY23 was a transformational year for Kwality Pharmaceuticals Ltd. During the year, the company made an investment in the setting up of two new facilities, upgradation of existing facilities and Quality Control Labs. These investments helped the company secure key regulatory approvals for its facilities. Kwality cleared ANVISA for three units namely Cephalosporin and Oncology unit in Himachal and General injectable unit in Amritsar, Punjab. Additionally, Himachal units also received EU GMP approval in April 2023. The company is focused on getting more of such approvals for the remaining of its plants.

Kwality revenues for FY23 stood at Rs 253.9 Cr as compared with Rs 459.7 Cr same period a year ago. FY22 spike in sales was due to one time sales of medicines related to COVID. While EBIDTA and Net Profit came at Rs 63.3 Cr and Rs 19.47Cr respectively.

The company continues to invest in registering its products across emerging markets, cementing partnerships with global companies having strong distribution capabilities and expanding its R&D driven complex injectables portfolio.

In addition, the company has also come up with a line for Biologics, with an initial investment of Rs. 25-30 cr. It's starting with one molecule Erythropoietin Injection into semi regulated markets and have bought gene/cell culture for two other molecules Alteplase & Etanercept. This plant will start contributing to sales in this fiscal.

While the company expects doubling its revenues before FY26 it does not foresee any major capex for the same period. Kwality is confident of sustaining EBITDA Margins in the range of 22%-25%.

In the end, I would like to thank all our employees for their commitment to Kwality Pharma. It is their hard work, commitment and dedication that enables us to deliver on our promises. I also want to thank our shareholders, customers, distributors, and other stakeholders, for your continuing support and trust in us.

Be rest assured that our hard work and our passion for quality will continue to generate sustainable, profitable returns you rightfully expect from us.

With Warm Regards

**Ramesh Arora
Managing Director**



Annual Report 2022-23

KWALITY PHARMACEUTICALS LIMITED

Regd. Office:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601

CIN No.:- L24232PB1983PLC005426; Phone no. :-8558820862

Email Id:- ramesh@kwalitypharma.com; Website :- www.kwalitypharma.com

Notice

Notice is hereby given that the **40th Annual General Meeting** of the members of **KWALITY PHARMACEUTICALS LIMITED** will be held on **Saturday 30th September, 2023** at 12:00 noon through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (i) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2023, together with Reports of the Board of Directors and Auditors' thereon.
 - (ii) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2023 and the Report of the Auditors thereon.
2. To appoint a Director in place of **Mr. AJAY KUMAR ARORA, (DIN: 00462664)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Mr. ADITYA ARORA, (DIN : 07320410)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of Cost Auditors Remuneration

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under, the company hereby ratifies the remuneration of Rs. 1,10,000/- (Rupees One Lac Ten Thousand Only) plus reimbursement of out of pocket expenses to M/s Verma Khushwinder & Co., Cost Accountants, Jalandhar, appointed by the Board of Directors of the company, to conduct the audit of cost records of the company for the financial year ending 31st March, 2024.”

By Order Of the Board

Sd/-

(GURPREET KAUR)

Company Secretary

Place:- Amritsar

Date:- 06th September 2023



NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and the 40th Annual General Meeting will be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for the 40th AGM. Hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting during the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.



Annual Report 2022-23

7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website at www.kwalitypharma.com , website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com .
8. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
9. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mittalcs@gmail.com with a copy marked to evoting@nsdl.co.in.
10. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names shall be entitled to vote.
11. The Register of Directors and Key Managerial Personnel, the Register of Contract or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to cs@kwalitypharma.com .
12. Members desirous of obtaining any information on the financials and operations of the Company, are requested to send an email to the Company at least seven working days prior to the date of the AGM, so that the information can be kept ready during the meeting.
13. Pursuant to the requirements of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and respective provisions of Secretarial Standard -2, the brief profile /particulars of the Directors of the Company proposed to be appointed/re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
14. The relevant Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and forms part of this notice.
15. The register of members and share transfer books will remain closed from **Saturday, 23rd September, 2023 to Saturday, 30th September, 2023** (both days inclusive) for the purpose of Annual General Meeting.
16. Members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e., Friday, 22nd September, 2023**, shall be entitled to vote on the matters provided in the notice.
17. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.



- 18.** The remote e-voting period commence on **Wednesday, 27th September, 2023 at 09.00 A.M.** and ends on **Friday, 29th September, 2023 at 5.00 PM.**

Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again. At the end of remote e-voting period, the facility shall forthwith be blocked.

- 19.** Members holding shares in dematerialized form are requested to intimate all changes pertaining to their registered email id, bank detail, mandates, nominations, power of attorney etc to their Depository Participants. Changes intimated to the Depository Participants will then be automatically reflected in Company's records which will help the Company and its Registrars and Transfer Agents, M/s Big share Services Private Limited, to provide efficient and better service to the Members. Members holding share in physical form are requested to advice such changes to the Company's Registrar and transfer agents, M/s Big share Services Private Limited Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India. (Board No.: 022 62638200, Fax No: 022 62638299, Email: investor@bigshareonline.com , Website: www.bigshareonline.com)
- 20.** As per Regulation 40 of SEBI (LODR) Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1 April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, M/s Big share Services Private Limited for assistance in this regard.
- 21.** Non Resident Indian Members are requested to inform Registrar and Transfer Agent, immediately of:
- i) Change in their residential status on return to India for permanent settlement.
 - ii) Particulars of their Bank Account maintained in India with complete name, branch, account, type, account number and address of the bank with pin code number, if not furnished earlier.
- 22.** The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market, Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.
- 23.** Mr. Rishi Mittal, Practicing Company Secretary (Membership No. A12613, COP No. 3004) appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- 24.** The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kwalitypharma.com and website of National Securities Depository Limited (NSDL) i.e. www.evoting.nsdl.com not later than two working days of the conclusion of the Meeting.
- 25.** Members are requested to note that under Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven



Annual Report 2022-23

years from the date of transfer to Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund ('IEPF') constituted by the Central Government of India. Further, all shares in respect of which dividends remain unclaimed/unpaid for seven consecutive years or more, are also required to be transferred to designated Demat Account of the IEPF Authority.

Members may kindly note that the interim unpaid/unclaimed dividend for the financial year 2016-17 is due for transfer to the Fund on January 28, 2024. Members are, therefore, requested to lodge their claim with RTA, well in advance to avoid any hardship. Once transferred, Members having valid claims of unpaid/ unclaimed interim dividend for the financial year 2016-17 may approach the IEPF (Investor Education and Protection Fund) Authority.

In accordance with the aforesaid provisions of the Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company shall be initiating the action in respect of interim dividend declared for the financial year 2016-17. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividend in respect of respective financial year on the website of the Company viz. www.kwalitapharma.com under "Investors Relations" Section and same information has also been uploaded on the website of IEPF viz. www.iepf.gov.in

26. To support 'Green Initiative', the members who have not yet registered their e-mail addresses are requested to register the same with the Company's Registrar & Share Transfer Agent/ their respective Depository Participants. Members whose e-mail ids are already registered may update the changes therein, if any. This may be treated as an advanced opportunity in terms of proviso to rule 18(3) (i) of the Companies (Management & Administration) Rules, 2014.

27. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Wednesday, 27th September, 2023 at 9:00 A.M. and ends on Friday, 29th September, 2023 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 22nd September, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 22nd September, 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.



Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"><li data-bbox="646 447 1408 1003">1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<li data-bbox="646 1014 1408 1171">2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp<li data-bbox="646 1182 1408 1791">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<li data-bbox="646 1801 1408 1873">4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code



mentioned below for seamless voting experience.

NSDL Mobile App is available on



Individual Shareholders holding securities in demat mode with CDSL

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.



Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33



B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***



5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.



Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to rmittalcs@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Pallavi Mhatre at evoting@nsdl.co.in



Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@kwalitaPharma.com .
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@kwalitaPharma.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.



INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at cs@kwalitapharma.com . The same will be replied by the company suitably.
6. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance **between 25th September, 2023 (09:00 a.m.) to 27th September, 2023 (05:00 p.m.)** mentioning their name, demat account number/folio number, email id, mobile number at cs@kwalitapharma.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries during **25th September, 2023 (09:00 a.m.) to 27th September, 2023 (05:00 p.m.)** mentioning their name, demat account number/folio number, email ID, mobile number at cs@kwalitapharma.com. These queries will be replied to by the company suitably by email.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

By Order Of the Board

**Sd/-
(GURPREET KAUR)
Company Secretary**

**Place:- Amritsar
Date:- 06th September 2023**



Explanatory Statement Pursuant to Section 102 (1) of the Companies Act, 2013

Item No.4

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of Cost Auditors M/s. Verma Khushwinder & Co., Cost Accountants, Jalandhar to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2024.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the members.

Place: Amritsar
Date: 06th September, 2023

By Order of the Board
Sd/-
Gurpreet Kaur
Company Secretary

**Information Pursuant to the Listing Regulations and Secretarial Standards in Respect of Directors****Retiring by Rotation****Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of SEBI (LODR), Regulations, 2015) and Secretarial Standards-2)**

Name of Director	Date of Birth	Brief Resume and Nature of Expertise in Functional Area	List of Directorship / Committee Memberships in other Public Companies as on 31st March, 2023
AJAY KUMAR ARORA (DIN: 00462664)	29/01/1968	Mr. Ajay Kumar Arora aged 55 years, Graduate in B. Pharmacy. He is one of the Promoter and Director of the Company. He started his career with the Company in 1995. He continues to contribute to the Company by overseeing sourcing of Raw Material, Structural development and Engineering Department of the Company. He possesses vast experience and expertise in the overall affairs of the Company.	Other Directorship:- Nil Committee positions held in Kwality Pharmaceuticals Limited:- Nil Committee Positions held in other Public Companies: Nil Relationship with other Directors:- Relative of Directors Mrs. Geeta Arora , Mr. Aditya Arora , Mr. Ramesh Arora , , and Mrs. Anju Arora Names of listed entities from which the person has resigned in the past three years:- Nil No. of Shares held in the Company:- 1410638
ADITYA ARORA (DIN: 07320410)	17/02/1994	Mr. Aditya Arora aged 29 years is B.Com. He started his career with the Company in 2015. He is Executive Director cum CFO of the Company. He is successfully spearheading various activities of the Company including Finance, Quality Assurance, Quality Control, Strategic planning and Expansion etc.	Other Directorship :- Nil Committee positions held in Kwality Pharmaceuticals Limited:- Member in Audit Committee & in CSR Committee. Committee Positions held in other Public Companies: Nil Names of listed entities from which the person has resigned in the past three years:- Nil Relationship with other Directors:-



			Relative of Directors Mr. Ajay Kumar Arora, Mrs. Geeta Arora, Mr. Ramesh Arora and Mrs. Anju Arora. No. of Shares held in the Company:- 711962
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**Place: Amritsar
Date: 06th September, 2023**

**By Order of the Board
Sd/-**

**(GURPREET KAUR)
Company Secretary**

**DIRECTORS' REPORT**

To

**The Members
KQUALITY PHARMACEUTICALS LIMITED.**

Your Directors have pleasure in presenting the **40th Annual Report** of **KQUALITY PHARMACEUTICALS LIMITED** along with the Audited Financial Statements for the year ended 31st March 2023.

1) FINANCIAL HIGHLIGHTS

Our Company's financial performance for the year under review has been encouraging and is summarized below

(Rupees in Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	2022-23	2021-22	2022-23	2021-22
Revenue from operations	25099.47	45613.16	25103.01	45618.52
Other Income	294.13	351.19	294.12	351.19
Total Income	25393.60	45964.35	25397.13	45969.71
Less:- Depreciation and amortisation expenses	1491.88	1064.41	1495.84	1069.07
Less:- Finance cost	602.04	291.73	602.04	291.73
Less:- Other Expenses	19070.61	28440.72	19089.07	28452.22
Profit before exceptional items and tax	4229.07	16167.49	4210.18	16156.69
Exceptional items	1652.94	0.00	1652.94	0.00
Profit before tax	2576.13	16167.49	2557.24	16156.69
Less: Provision for Taxation				
Current Tax	648.36	4100.00	648.36	4100.00
Deferred Tax	13.66	27.46	13.66	27.46
Tax for earlier Years	-32.77	35.37	-32.77	35.37
Profit/(Loss) After Tax For The Year	1946.88	12004.66	1927.99	11993.85
Other Comprehensive Income/(expense) for the year (net of tax)	-32.57	-35.32	-43.93	-49.24
Total Comprehensive Income for the year	1914.31	11969.34	1884.06	11944.62
Earnings per equity share [Nominal value of share Rs.10.00 each]				
Basic	18.45	115.36	18.16	115.12
Diluted	18.45	115.36	18.16	115.12



Note: The Company has first time adopted Indian Accounting Standards (Ind AS) owing to migration to Main Board of BSE Limited w.e.f. 13th June, 2022 and the figures mentioned are as per the Financials prepared on the basis of Ind AS.

2) PERFORMANCE REVIEW

During the year under review, on standalone basis, revenue of the company was Rs. 25393.60 Lakhs as compared to Rs. 45964.35 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 1946.88 Lakhs as compared to Rs. 12004.66 Lakhs in the previous year.

On consolidated basis, revenue of the company was Rs.25397.13 Lakhs as compared to Rs. 45969.71 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs.1927.99 Lakhs as compared to Rs. 11993.85 Lakhs in the previous year.

3) CHANGES IN NATURE OF BUSINESS

The Company is engaged in the business of manufacturing & trading in Pharmaceuticals & allied products and there was no change in the nature of the business of the Company during the year under review.

4) DIVIDEND

In order to conserve the resources, the Board of Directors does not recommend any dividend for the financial year 2022-23.

5) RESERVES

During the financial year under review, there are no transfers to any specific reserves.

6) ANNUAL RETURN

The Annual Return of the Company as on March 31, 2023 is available on the Company's website and can be accessed at https://www.kwalitypharma.com/investor_relations.php

7) PARTICULARS OF EMPLOYEES REMUNERATION

The information pertaining to Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as 'Annexure A'. There is no employee drawing a salary exceeding the limit prescribed under Section 197(12) read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8) ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

The Audited Financial Statements for the financial year ended March 31, 2023 have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under



Section 133 of the Companies Act, 2013 (hereinafter referred to as “Act”) and other recognized accounting practices and policies to the extent applicable. The Company has adopted Indian Accounting Standards (Ind AS) with effect from 01st April, 2022.

9) DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board received a declaration from all the directors under section 164 and other applicable provisions, if any, of the Companies Act, 2013 that none of the directors of the company is disqualified under the provisions of the Companies Act, 2013 (‘Act’) or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

i) Changes in Directors

During the year under review, based on recommendation of Nomination and Remuneration Committee, the Board had appointed **Mr. Sachin Seth (DIN: 00466950)** as Non- Executive and Non- Independent Director of the Company with effect from August 04, 2022 and his appointment was approved by the Shareholders of the Company in subsequent annual general meeting held on September 30, 2022.

Mr. Sachin Seth (DIN: 00466950) resigned from the position of Non-Executive Director with effect from November 18, 2022 due to some other professional commitments and pre-occupation.

Based on the recommendation of Nomination and Remuneration Committee, the board had appointed **Mr. Neelmani Khemka (DIN: 09787109)** as Additional Director (**Non-Executive and Independent**) with effect from November 22, 2022 but **Mr. Neelmani Khemka** resigned from the position of Director of the Company w.e.f. **March 18, 2023** due to sudden health problems.

Based on the recommendation of Nomination and Remuneration Committee, the board had appointed **Mr. Prashanth Vellanki (DIN: 05182633)** as Additional Director (**Non-Executive and Independent**) with effect from **March 16, 2023**. In terms of Regulation 17(1C) of Listing Regulations, the said appointment has been duly approved by the shareholders of the Company by way of special resolution passed through postal ballot on June 14, 2023. Further, the Board is of the opinion that **Mr. Prashanth Vellanki** possesses requisite qualifications, experience (including the proficiency) and expertise in his respective fields and that he holds highest standards of integrity.

ii. RETIREMENT BY ROTATION

In accordance with the provisions of section 152 of the Companies Act, 2013 and the Articles of Association of the Company, **Mr. Ajay Kumar Arora and Mr. Aditya Arora**, directors retire by rotation at the ensuing Annual General Meeting and offer themselves for reappointment.

iii. **Key Managerial Personnel:** The following are the Key Managerial Personnel of the Company for the year:

Sr. No.	Name of Person	Designation
1.	Sh. Ramesh Arora	Managing Director
2.	Sh. Ajay Kumar Arora	Whole Time Director
3.	Sh. Aditya Arora	Whole Time Director



4.	Smt. Anju Arora	Whole Time Director
5.	Smt. Geeta Arora	Whole Time Director
6.	Ms. Gurpreet Kaur	Company Secretary

10) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2022-23, **25** meetings of the Board of Directors of the company were held and the details of which are given in the Corporate Governance Report which is enclosed with director's report as "**Annexure D**". The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11) COMMITTEES OF THE BOARD

The Board has constituted various committees to support the Board in discharging its responsibilities. The following four committees are constituted by the Board:

AUDIT COMMITTEE

The Audit Committee comprises of Sh. Pankaj Takkar as Chairman and Sh. Kiran Kumar Verma and Sh. Aditya Arora as members. The details of term of reference of the Audit Committee members, dates of meetings held and attendance of the Directors are given separately in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Sh. Kiran Kumar Verma as Chairman and Sh. Pankaj Takkar and Sh. Ravi Shanker Singh as members. The details of term of reference of the Committee members, dates of meetings held and attendance of the Directors are given in the Corporate Governance Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of Sh. Ravi Shanker Singh as Chairman and Smt. Geeta Arora and Smt. Anju Arora as members. The details of term of reference of the Committee members, dates of meetings held and attendance of the Directors are given separately in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee is duly constituted in terms of the requirement of Companies Act, 2013. During the financial year 2022-23, two meetings were held on 16-06-2022 and 24-02-2023. The composition of Committee and attendance of members is as follows:

Name	Category	Meetings held during 2022-23	No. of Meetings Attended
------	----------	------------------------------	--------------------------



Geeta Arora	Chairperson	2	2
Aditya Arora	Member	2	2
Pankaj Takkar	Member	2	2

12) DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In view of the profits and turnover of the Company, your Company was required to undertake CSR projects during the year 2022-23 under the provisions of section 135 of the Companies Act, 2013 and the rules made thereunder. As part of its initiatives under Corporate Social Responsibility (CSR)", the Company has undertaken various activities, which are in accordance with CSR Policy of the Company and Schedule VII of the Companies Act, 2013. The Board has approved a CSR policy on the recommendations of the CSR Committee. The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014 is set out at **Annexure-C** forming part of this Board Report.

13) MEETINGS OF INDEPENDENT DIRECTORS:

The Independent Directors met on 31st March 2023 inter alia, to

- a) review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- b) review the performance of the managing director of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- c) assess the quality, content and timeliness of the flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

14) DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company has one subsidiary company '**Kwality Pharmaceuticals Africa, Limitada**' at Maputo Province, Mozambique which is mainly engaged in the Pharmaceuticals business. The Board reviewed the affairs of the Company's subsidiary during the year at regular intervals. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary, which forms part of this Annual Report. Further a statement containing Salient features of the Financial Statements of its subsidiary in Form AOC-1 as given in the annual report forms part of the Financial Statements.

15) MECHANISM FOR EVALUATING BOARD MEMBERS:

Pursuant to the section 134 (p) of Companies Act, 2013 read with Rule 8 (4) of Companies Accounts Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the Board Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.



Annual Report 2022-23

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, frequency of committee meetings, their functioning etc.

The evaluation of the Directors were based on their attendance and participation, acting in good faith and in the interests of the company as a whole, exercising duties with due diligence and reasonable care, complying with legislations and regulations in letter and spirit and such other factors.

In addition, the managing director was also evaluated on the key aspects of his role. In a separate meeting of independent Directors, performance of non independent directors, performance of the board as a whole and performance of the managing director was evaluated, taking into account the views of executive directors and non-executive directors.

Further, The Securities and Exchange Board of India ('SEBI') vide circular no. SEBI /HO /CFD / CMD/ CIR / P /2017 /004 dated January 05, 2017 had come up with a "Guidance Note on Board Evaluation". The Board Evaluation framework of the Company is aligning with this Guidance Note.

16) FAMILIARISATION PROGRAMME FOR BOARD MEMBERS:

The Familiarization Program seeks to update the Independent Directors on various matters covering Company's strategy, business model, operations, organization structure, finance, risk management etc. It also seeks to update the Independent Directors with their roles, rights, responsibilities, duties under the Companies Act, 2013 and other statutes.

The policy and details of familiarization program imparted to the Independent Directors of the Company is available at www.kwalitypharma.com.

17) STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Company had received declarations from all the Independent Directors of the Company confirming that they meet criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and under Regulation 16 (1)(b) of Listing Regulations. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management.

18) POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of the Directors, the senior management and their remuneration. The remuneration policy is stated in the Corporate Governance Report.

19) WHISTLE BLOWER POLICY

Pursuant to the Section 177(9) and (10) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and Employees to report the



management about the unethical behavior, fraud, improper practice or violation of the Company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives a platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The mechanism provides adequate safeguards against victimization of employees and directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy is available on the website of the Company www.kwalitypharma.com

20) VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established and Chairman of the Audit Committee is responsible for issue pertaining to same.

21) RISK MANAGEMENT

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Efficient risk management is the key to achieving short term goals and sustained value creation over the long term. A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposures, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

22) STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company in its Annual General Meeting held on 30th day of September, 2019 had appointed **M/s ARORA AGGARWAL & CO**, Chartered Accountants, Amritsar (**FRN:021086N**) as the Statutory Auditors of the Company for a period of Five Consecutive years from the conclusion of the 36th Annual general Meeting, till the conclusion of the 41st Annual General Meeting of the Company to be held in the year 2024. The Companies Amendment Act, 2017 has dispensed the ratification of auditors appointment at every Annual General Meeting. Accordingly the Ordinary Business Agenda item relating to the ratification of the statutory Auditors appointment is not placed in the AGM notice.

23) AUDITORS' REPORT

M/s ARORA AGGARWAL & CO., Chartered Accountants, have submitted their Report on the Financial Statements of the Company for the F.Y 2022-23, which forms part of the Annual Report. There were no instances of frauds reported by the auditors under section 143(12) of the Companies Act, 2013. The Audit Report does not contain any qualification, reservation or adverse remark except the following:-

Qualification :- The company has transferred unspent CSR amount of Rs. 46,36,838 to a special account, within a period of 31 days from the end of the financial year under section 135(6) of the Companies Act, 2013.



Annual Report 2022-23

Explanation:- The company has to transfer the Unspent CSR amount to a special account within a period of 30 days from the end of the financial year 2022-23 under section 135(6) of the Companies Act, 2013. But there was delay of one day in transfer of this amount to aforesaid special account. The company has given all the documents for account opening to Bank well in time but due to technical reasons on the part of Bank, account was opened on 01-05-2023 instead of 30-04-2023. Bank has also accepted its mistake and issued a letter to company that delay was only due to technical reasons at its end.

24) COST AUDITOR

Pursuant to Section 148(3) of the Companies Act, 2013, **M/s Verma Khushwinder & Co., Cost Accountants, Jalandhar**, were appointed as the Cost Auditors of the Company for the financial year 2022-23 by the Board of Directors and their remuneration was ratified by members at the 39th Annual General Meeting of the Company.

Further, the Board of Directors has appointed **M/s Verma Khushwinder & Co.** as the Cost Auditors of the Company for the financial year 2023-24 and has also fixed their remuneration. The Board has recommended the remuneration approved in its meeting, for ratification by the shareholders in the ensuing AGM of the Company.

25) SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the boards of directors have appointed M/s Rishi Mittal & Associates, Company Secretaries, Amritsar as the Secretarial Auditors of the Company.

The Secretarial Audit Report for Financial Year 2022-23 forms part of the Annual report as “**Annexure B**” to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except the following:-

- i.) There were certain instances of slight delay in filing requisite information with BSE for which the BSE has pointed out the company during the financial year.

Explanation: The slight delay of some minutes was due to technical reasons only i.e. internet server problem, portal login problem and the company has replied suitably in this regard to the satisfaction of BSE.

- ii.) The company had purchased the Structured Digital Database (SDD) software in October 2022 and it could not capture all the UPSI disseminated in the year under review through SDD software.

Explanation: The Company was earlier maintaining the required data manually and after purchase of SDD software, it started making compliance of the provisions of regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015 through SDD software only.

- iii.) The company had received notice(s) from BSE regarding Non Compliance of Regulation 17(1) of SEBI LODR Regulations, 2015 pertaining to the composition of the Board during the year under review.

Explanation: The company has replied suitably in this regard to the satisfaction of BSE.



26) REPORT ON CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standards of the Corporate Governance aligned with the best practices. In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on corporate governance along with a certificate from practicing company secretary on its compliance forms an integral part of this Board's Report.

A report on Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations is provided in a separate section and is annexed to this Report and marked as "Annexure D".

27) MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of the operations and performance of the Company is set out in the Management Discussion and Analysis Report pursuant to Regulation 34 Part-B of Schedule V of the (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of the Annual Report for the year under review as "Annexure E".

28) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

29) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no related party transactions made by the Company with the Promoters, Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

The Board of Directors of the Company has approved the criteria for giving the omnibus approval by the Audit Committee within the overall framework of the Policy on Related Party Transactions. Omnibus approval was obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length basis.

The transactions with the related parties have been disclosed in the financial statements. During the year the company has not entered into any contracts / arrangements / transactions with related parties which could be considered material in accordance with policy of the Company on material related party transactions or under section 188 (1) of the Act. Thus disclosure in Form AOC-2 is not required.

30) COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

Your Directors state that they have devised proper systems to ensure compliance with the Secretarial Standards and that such system are adequate and operating effectively. During the year under review, the Company has complied with the provisions of all the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under section 118 of the Companies Act, 2013.



31) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments, affecting the financial performance of the Company that occurred during the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

32) ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8, sub-rule (3) of Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo is provided as under :

A) Conservation of energy:

<p>Steps taken for conservation of energy</p>	<p>The company is committed to continuously improve energy performance and conserve energy in its various operations. Dedicated team is continuously working to ensure efficient use of energy.</p> <p>To achieve above objectives the following steps are taken by the Company:-</p> <ul style="list-style-type: none">• Energy efficient chiller installed• Installation of energy efficient blower for HVAC system• Installation of Vapor Absorption Machine for chilled water for Air Conditioning.• Condensate recovery improved, resulting in Fuel and water reduction.• Utilisation of heat pump for hot water generator and reducing steam consumption.• Old energy inefficient motors are replaced with energy efficient motors.• Demand side air management for reducing power consumption in air compressor.• Replacement of old energy inefficient pump with energy efficient pump in cooling towers.• AHU automation for power reduction.• Energy efficient new compressed air dryer installed• Flash steam recovery system installed to recover waste heat.• Cooling tower online Chemical dosing and blow down system installed to improve chiller
--	--



	approach.
Steps taken for utilizing alternate sources of energy	Boiler fuel is shifted from conventional fuel like furnace oil / high speed diesel with waste wood and pet coke for Steam generation.
Capital investment on energy conservation equipment	NIL

(B) Technology absorption:

In the pursuit of innovation and sustainability, we focus on initiatives to drive process developments and efficiency. Through robust management practices, we ensure the optimisation of resources, reduction of costs and adherence to environmentally conscious methodologies.

The Company constantly reviews, optimizes and improves its processes for its product range. These efforts have resulted in lower cost of production, achieve consistent exports and be competitive in the global market.

(C) Foreign exchange earnings and Outgo:(in Rupees Lacs)

Particulars	Year ended 31st March 2023 (Rs. In Lakhs)	Year Ended 31st March 2022 (Rs. In Lakhs)
Earnings		
Export Sales	11976.85	29972.32
Outgo		
Capital Goods	991.62	716.88
Raw Materials	1877.94	6510.55

33) DEPOSITS

Your Company has not accepted any deposits from the public during the year under review, within the meaning of Section 73 of the Companies Act, 2013 ('the Act) read with the Companies (Acceptance of Deposits) Rules, 2014, and no amount of principle or interest on deposits from the public is outstanding as on the date of Balance Sheet.

34) SHARE CAPITAL

During the year under review, there was no change in the paid-up equity share capital of the Company which is as on 31st March, 2023, was Rs. 1037.62 Lakhs.

35) PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES



The company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees as per Rule 16(4) of Companies (share capital and debentures) Rules, 2014.

36) ISSUE OF SWEAT EQUITY SHARES

The Company has not issued any sweat equity share during the financial year in accordance with the provisions of Section 54 of Companies Act, 2013 read with Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

37) ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any equity shares with differential voting rights during the financial year as per Rule 4(4) of Companies (Share capital and debentures) Rules, 2014.

38) ISSUE OF EMPLOYEE STOCK OPTION

The company has not issued any employee stock option during the financial year as per Rule 12 of Companies (share capital and debentures) Rules, 2014.

39) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has comprehensive and adequate internal financial controls system for all major processes including financial statements to ensure reliability of reporting. The system also helps management to have timely data/feedback on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use. The internal financial controls system of the Company is commensurate with the size, scale and complexity of its operations. The systems and controls are periodically reviewed and modified based on the requirement.

The Company has an internal audit function which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The scope of Internal Audit is well defined and documented and the audit committee reviews the observations of the Internal Audit critically. The composition and working of the audit committee forms part of the Corporate Governance Report.

Internal audits are undertaken on a quarterly basis by Internal Auditors covering all units and business operations to independently validate the existing controls. Reports of the Internal Auditors are regularly reviewed by the management and corrective action is initiated to strengthen the controls and enhance the effectiveness of the existing systems. There were no observations or remarks reported by the said auditors of the Company during the year under review.

40) COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Gurpreet Kaur (M.No. 52091) is Company Secretary, KMP and Compliance Officer of the Company.

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



The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants, whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. An Internal Complaints Committee has been set up to redress the complaints received regarding sexual harassment. Your Company did not receive any complaints during the period under review.

42) PROHIBITION OF INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities. The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading is available on the Company's website www.kwalitypharma.com

43) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

44) TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Members may please note that as per the provisions of Section 124 & 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends that remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred to the Investor Education & Protection Fund.

Details of Unclaimed dividend as on 31st March, 2023 and due date of transfer is as follows:

Type of Dividend	Financial year ended	No. of Shareholders who have not claimed	Unclaimed Amount (Rs.)	Date of Declaration	Due date of transfer to IEPF
Interim	2016-17	3	31962	22.12.2016	28.01.2024

Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years.

In terms of Section 124(6) of the Act, read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPFA Rules) shares on which dividend has not been encashed or claimed by the shareholder for a period of



seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like Dividend, bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members who have a claim on Unclaimed Dividend / Shares may claim the same from IEPFA by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in Form No. IEPF-5. No claims shall lie against the Company in respect of the Unclaimed Dividend / Shares so transferred.

45) DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2023 and of the profit of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

46) POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Based on the recommendation of Nomination & Remuneration Committee, the Board of Directors approved and adopted a Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and other employees of the Company as required under Section 178(3) of the Act. The Remuneration Policy on the appointment and remuneration of Directors and Key Managerial Personnel provides a framework based on which our human resources management aligns their recruitment plans for the strategic growth of the Company. The policy may be accessed under the 'Investor Relations' section on the website of the Company at the web link :- https://www.kwalitypharma.com/assets/CORPORATE%20POLICIES/_Nomination%20_%20Remuneration%20Policy.pdf

47) POSTAL BALLOT

During the year under review, no postal ballot resolutions were passed.

48) CASH FLOW STATEMENT



Annual Report 2022-23

In due compliance of the listing agreement and in accordance with the requirements prescribed by SEBI, the cash flow statement is prepared and is appended to this Annual Report.

49.) Other disclosures

The Company does not have any Employees Stock Option Scheme in force and hence particulars are not furnished, as the same are not applicable. No proceedings against the Company is initiated or pending under the Insolvency and Bankruptcy Code, 2016. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof – Not Applicable.

50) INDUSTRIAL RELATIONS

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

51) ENVIRONMENT, HEALTH AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

52) APPRECIATION

Your Company has been able to perform better with the continuous improvement in all functions and areas which coupled with an efficient utilization of the Company's resources led to sustainable and profitable growth of the Organization. Your Directors express their deep sense of appreciation and extend their sincere thanks to every employee and associates for their dedicated and sustained contribution and they look forward the continuance of the same in future.

53) ACKNOWLEDGMENTS:

Your Board takes this opportunity to thank our, clients, business partners, shareholders and bankers for the faith reposed in the Company and also thank the Government of India, various regulatory authorities and agencies for their support and looks forward to their continued encouragement. Your Directors are deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth was unattainable. Your Directors wish to thank the investors and shareholders for placing immense faith in them and the plans designed for growth of your Company. Your Directors seek and look forward to the same support in future and hope that they can continue to satisfy you in the years to come.

For and on Behalf of the Board

	Sd/-	Sd/-
	(RAMESH ARORA)	(AJAY KUMAR ARORA)
Place: Amritsar	Managing Director	Whole Time Director
Date: 06th September 2023	DIN: 00462656	DIN: 00462664

**ANNEXURE 'A'**

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2023

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial Year:

Executive Director	Ratio to Median Remuneration
RAMESH ARORA	37.26
AJAY KUMAR ARORA	37.26
ANJU ARORA	15.34
GEETA ARORA	15.34
ADITYA ARORA	26.30

B. The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, if any, in the financial year

Name	Designation	% increase in remuneration in the financial year
RAMESH ARORA	Managing Director	30.77
AJAY KUMAR ARORA	Whole Time Director	30.77
ANJU ARORA	Whole Time Director	40.00
GEETA ARORA	Whole Time Director	40.00
ADITYA ARORA	Whole Time Director & CFO	33.33
GURPREET KAUR	Company Secretary	21.29

C. The percentage increase in the median remuneration of employees in the financial year: 2.11 %

D. The number of permanent employees on rolls of the company as on 31st March 2023:- 579

E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

	F.Y. 2021-22	F. Y. 2022-23	% increase
Employees' Salary (in Rupees Lakhs)	1660.31	2554.81	53.87
Managerial Remuneration (in Rupees Lakhs)	135.00	180.00	33.33

The company follows performance appraisal methodology where in performances of employees are linked to the key deliverables and key control areas of the company.



F. Affirmation that the remuneration is as per the remuneration policy of the company.

The company affirms that the remuneration is as per the remuneration policy of the Company.

For and on Behalf of the Board

Place: Amritsar

Date: 06th September 2023

Sd/-
(RAMESH ARORA)
Managing Director
DIN: 00462656

Sd/-
(AJAY KUMAR ARORA)
Whole Time Director
DIN: 00462664



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

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

To

The Members,
KQUALITY PHARMACEUTICALS LIMITED,
(CIN: L24232PB1983PLC005426)
VILLAGE NAGKALAN, MAJITHA ROAD,
AMRITSAR.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KQUALITY PHARMACEUTICALS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2023** generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2023 and made available to us, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;



- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company during Audit Period);**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not applicable to the Company during Audit Period);**
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during Audit Period);**
 - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018 **(Not applicable to the Company during Audit Period);** and
 - (vi) The Drugs (Prices Control) Order 2013;
 - (vii) Food Safety and Standards Act, 2006;
 - (viii) Environment Protection Act, 1986;
 - (ix) Drugs and Cosmetics Act, 1940;
 - (x) Factories Act, 1948
 - (xi) Other laws as applicable to the company as per the representations made by the management.
2. We have also examined compliance with the applicable clauses of the following:
- i. The Secretarial Standards issued by The Institute of Company Secretaries of India and
 - ii. The provisions envisaged in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
 - iii. Listing Agreement(s) entered into by the Company with BSE Limited.
3. During the period under review and as per the explanations and clarifications given to us and the representations made by the management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the followings;
- i. There were certain instances of slight delay in filing requisite information with BSE for which the BSE has pointed out the company during the financial year.
 - ii. The company had purchased the Structured Digital Database (SDD) software in October 2022 and it could not capture all the UPSI disseminated in the year under review through SDD software.
 - iii. The company had received notice(s) from BSE regarding Non Compliance of Regulation 17(1) of SEBI LODR Regulations, 2015 pertaining to the composition of the Board during the year under review.
4. We have relied on the information & representations made by the company & its officers for systems and mechanisms formed by the company for compliances under other applicable acts, laws and regulations to the company.
5. We further report that we have not reviewed the Compliance of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts by the Company since the same has been subject to review by the Statutory Auditors and other designated professionals.
6. We further report on the basis of information received and records maintained by the company that:
- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of



Annual Report 2022-23

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

- (b) Adequate notice was given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings convened at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - (c) As per the minutes of the meetings duly recorded and signed by the chairman, majority decision is carried through and there were no dissenting views on any matter.
7. We further report that as per the explanations and clarifications given to us and the representations made by the management, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
8. We further report that during the Audit Period under review, following events / actions have taken place which having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:-
- i.) The Equity Shares of the Company were listed on the Main Board of BSE w.e.f. 13th June, 2022 pursuant to the Migration of the Company's Equity Shares from SME Platform of BSE Limited to the Main Board of BSE Limited.

Place : AMRITSAR

Signature: Sd/- (RISHI MITTAL)

Date : **06th September 2023**

Name of Company Secretary in practice / Firm: **RISHI MITTAL & ASSOCIATES**

ACS No. 12613 & C P No.: 3004

UDIN: A012613E000950693

Peer Review Certificate No.: 2486/2022

Note:-This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.



Annexure 'A'

To,

The Members

KWALITY PHARMACEUTICALS LIMITED.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : AMRITSAR

Signature: Sd/- (RISHI MITTAL)

Date : **06th September 2023**

Name of Company Secretary in practice / Firm: **RISHI MITTAL & ASSOCIATES**

ACS No. 12613 & C P No.: 3004

UDIN: A012613E000950693

Peer Review Certificate No.: 2486/2022



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

The Company has framed Corporate Social Responsibility (CSR) Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare & sustainable development of the society. CSR Policy is stated at the Website of Company: www.kwalitypharma.com

2. Composition of the CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Geeta Arora	Chairperson	2	2
2.	Mr. Aditya Arora	Member	2	2
3.	Mr. Pankaj Takkar	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:-

https://www.kwalitypharma.com/investor_relations.php

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. **N.A.**

5. (a) Average net profit of the company as per section 135(5):- Rs. 64,87,13,397

(b) Two percent of average net profit of the company as per section 135(5) :- Rs. 1,29,74,268

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil

(d) Amount required to be set off for the financial year, if any:- Rs. 68,019

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]:- Rs. 1,29,06,249

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):-
Rs. 82,69,411

(b) Amount spent in Administrative Overheads:- Nil

(c) Amount spent on Impact Assessment, if applicable :- Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:- Rs. 82,69,411



(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
82,69,411	46,36,838	01-05-2023	N.A.	Nil	N.A.

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	1,29,74,268
(ii)	a) Total amount spent for the Financial Year	83,37,430*
	b) Transferred to Unspent CSR Account as per Section 135(6) for ongoing projects	46,36,838
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

*including set off of FY 2021-22 i.e. (82,69,411 + 68,019)

7. Details of Unspent CSR amount for the preceding three financial years: NIL

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NO

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):. The Company has identified few CSR Projects undertaken by the Company as ongoing projects, for which requisite amounts have been transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013 read with relevant rules & schedule VII.

For and on Behalf of the Board

Place: Amritsar
Date: 06th September 2023

Sd/-
(RAMESH ARORA)
Managing Director
DIN: 00462656

Sd/-
(GEETA ARORA)
(Chairman CSR Committee)
DIN: 03155615

**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Your Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in the competitive world.

KQUALITY's philosophy on Corporate Governance is based on practices, such as fair and transparent business practices, effective management controls at all levels, adequate representation of promoters, executive and independent directors on the board, accountability of performance at all levels, monitoring of executive performance by the Board and transparent and timely disclosure of financial and management information.

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of Listing Regulations is given below:

BOARD OF DIRECTORS

There were ten members in the Board of the Directors of the company on 31st March 2023 including Executive Directors, Non Executive Directors, Independent directors and Woman directors. There is no institutional nominee on the Board.

A) Composition of board of directors

Presently, the composition of Board is as follows:

Directors	Category
Ramesh Arora	Managing Director
Ajay Kumar Arora	Whole Time Director
Aditya Arora	Whole Time Director & Chief Financial Officer
Geeta Arora	Whole Time Director
Anju Arora	Whole Time Director
Kiran Kumar Verma	Non Executive Independent Director
Pankaj Takkar	Non Executive Independent Director
Ravi Shanker Singh	Non Executive Independent Director
Kartik Kapur	Non Executive Independent Director
Prashanth Vellanki	Non-Executive Independent Director

During the year under review, the Board had appointed Mr. Sachin Seth (DIN: 00466950) as Non-Executive and Non- Independent Director of the Company with effect from August 04, 2022 but he resigned from the position of Director with effect from November 18, 2022 due to other professional commitments and pre-occupation. Further the board had appointed Mr. Neelmani Khemka (DIN: 09787109) as Additional Director (Non-Executive and Independent) with effect from November 22, 2022 but he also resigned from the position of Director of the Company w.e.f. 18-03-2023 due to sudden health problems. Based on the recommendation of Nomination and Remuneration Committee, the board appointed **Mr. Prashanth Vellanki (DIN: 05182633)** as Additional Director (**Non-Executive and**



Independent) with effect from **March 16, 2023** and in terms of Regulation 17(1C) of Listing Regulations, his appointment was duly approved by the shareholders of the Company by way of special resolution passed through postal ballot on June 14, 2023.

B) Evaluation of Board, Committees and Directors:

In compliance with the provisions of the Companies Act, 2013 ('the Act') and any other provisions, the Board has adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board. A structured mechanism is prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

C) Number of Board Meetings in the year

During the year 25 meetings of the Board of Directors were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Sr. No.	Dates on which Board Meetings were held
1.	09/04/2022
2.	12/04/2022
3.	28/05/2022
4.	30/05/2022
5.	13/07/2022
6.	19/07/2022
7.	22/07/2022
8.	28/07/2022
9.	04/08/2022
10.	13/08/2022
11.	29/08/2022
12.	06/09/2022
13.	24/09/2022
14.	04/10/2022
15.	05/11/2022
16.	14/11/2022
17.	22/11/2022
18.	06/12/2022
19.	22/12/2022
20.	11/01/2023
21.	27/01/2023
22.	14/02/2023
23.	22/02/2023



24.	16/03/2023
25.	28/03/2023

D) Details of Memberships and Attendance of each Director at the Board of Directors' Meetings held during the financial year under review and the last Annual General Meeting and the number of other Directorships and Chairmanship/Membership of Board Committees as on 31st March, 2023 are as follows:

Sr No.	Name of Director	Category of Director	No. of Board Meetings Attended	Attendance at the last AGM	No. of other Directorship in others companies as on 31-03-2023	No. of Committee/ membership in which he/she is a Member or Chairperson
1.	Mr. Ramesh Arora (DIN: 00462656)	Managing Director	25	Yes	2	None
2.	Mr. Ajay Kumar Arora (DIN: 00462664)	Whole Time Director	25	Yes	Nil	None
3.	Mr. Aditya Arora (DIN: 07320410)	Whole Time Director & CFO	24	Yes	Nil	Member in two Committees
4.	Mrs. Geeta Arora (DIN: 03155615)	Whole Time Director	24	Yes	Nil	Member in one Committee and Chairperson in one Committee
5.	Mrs. Anju Arora (DIN: 03155641)	Whole Time Director	24	Yes	Nil	Member in one Committee
6.	Mr. Kiran Kumar Verma (DIN: 07415375)	Non Executive Independent Director	13	Yes	Nil	Member in one Committee and Chairman in one Committee
7.	Mr. Pankaj Takkar (DIN: 07414345)	Non Executive Independent Director	17	Yes	Nil	Member in two Committees and Chairman in one Committee
8.	Mr. Ravi Shanker Singh (DIN: 02303588)	Non Executive Independent Director	9	No	1	Member in one Committee and Chairman in one Committee
9.	Mr. Kartik Kapur (DIN: 08966816)	Non Executive Independent Director	7	No	NIL	None
10.	Mr. Prashanth Vellanki* (DIN: 05182633)	Non Executive Independent Director	1	No	6	None
11.	Mr. Neelmani Khemka ** (DIN: 09787109)	Non Executive Independent Director	Nil	No	NIL	None
12.	Mr. Sachin Seth*** (DIN: 00466950)	Non Executive Non Independent Director	Nil	No	NIL	None

* Mr. Prashanth Vellanki joined the board on 16-03-2023.

** Mr. Neelmani Khemka joined the board on 22-11-2022 and has given his resignation w.e.f. 18-03-2023.

*** Mr. Sachin Seth joined the board on 04-08-2022 and has given his resignation w.e.f. 18-11-2022.



-Mr. Ramesh Arora and Mr. Ajay Kumar Arora are brothers. Mrs. Anju Arora is wife of Sh. Ramesh Arora and Mrs. Geeta Arora is wife of Sh. Ajay Kumar Arora. Mr. Aditya Arora is son of Mr. Ajay Kumar Arora. So all these directors are related to each other.

-No Directors hold directorships in other listed entities, hence the names of the listed entities alongwith category of directorship are not provided.

Matrix of expertise and skill of Directors

Present Directors of the Company (including directors seeking appointment) having different skill and expertise in respective domain area viz. sales and marketing, technology and business management, accounting, finance and taxation etc. Following is the qualification, expertise and skill of the Directors of the Company. The Board is of the opinion that the skill or competence required for the Directors in relation to the present business of the Company includes finance, accounts, taxation, technology, legal, operation, business development and compliance:-

Sr. No.	Name of Director	Skill/ Expertise/ Competencies
1.	Mr. Ramesh Arora	Management and Marketing Strategies, Overall Administration Control and Supervision
2.	Mr. Ajay Kumar Arora	Operations & Procurement of inputs, engineering & development projects
3.	Mr. Aditya Arora	Administration, Strategic Leadership, Industry Experience and Knowledge, Finance
4.	Mrs. Geeta Arora	Human Resource Management
5.	Mrs. Anju Arora	Marketing Management
6.	Mr. Kiran Kumar Verma	Industry Experience and Knowledge
7.	Mr. Pankaj Takkar	Administrative Management
8.	Mr. Ravi Shanker Singh	Manufacturing & Marketing Strategies
9.	Mr. Kartik Kapur	Industry Experience and Knowledge
10.	Mr. Prashanth Vellanki	Audit and Assurance, Taxation, Corporate Advisory, and Financial services

E) Confirmation of Independence

In the opinion of the Board, all Independent Directors fulfill the conditions of independence specified in the Listing Regulations and they are independent of the Management of the Company. The Declaration of Independence has been received from all Independent Directors and taken on record by the Board.

F) Cessation of Directorship

Mr. Neelmani Khemka (DIN: 09787109), Independent Director resigned from the directorship of the Company w.e.f 18-03-2023 due to sudden health problems. The company along with resignation letter



received the confirmation from Mr. Neelmani Khemka that there is no other material reason other than health issues.

G) Shares held by Non-Executive Directors as at 31st March 2023:

Name of the Director	Shares held
Mr. Kiran Kumar Verma	Nil
Mr. Pankaj Takkar	3000
Mr. Ravi Shanker Singh	Nil
Mr. Kartik Kapur	Nil
Mr. Prashanth Vellanki	Nil

H) Induction & Familiarization Programs for Independent Directors:

On appointment, the concerned Director is issued a letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a familiarization program. The program aims to familiarize the Directors with the Company, their role and responsibilities, business model of the Company etc. Further the Company has put into place a system to familiarise the Independent Director about the Company, its business and the on-going events relating to the Company. The details of such program are available on the web link https://www.kwalitapharma.com/investor_relations.php

I) Independent Directors Meeting:

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015; the Independent Directors Meeting of the Company was held on 31-03-2023 without the presence of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of managing director of the Company and assessed the quality, quantity and timelines of flow of information between the Company Management and the Board. All the Independent Directors of the Company were present in the meeting.

J.) Disclosure of Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (IND AS) specified under Section 133 of the Companies Act, 2013 read with relevant rules made there under. The Significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

COMMITTEES OF THE BOARD

There are four Committees constituted as per Companies Act, 2013. They are:

- 1) Audit Committee**
- 2) Nomination & Remuneration Committee**
- 3) Stakeholders Relationship Committee**
- 4) Corporate Social Responsibility Committee**

The Board of directors of the company has constituted various committees of the members of the board. The terms of reference of these committees have determined by the board from time to time.



1. AUDIT COMMITTEE

The composition, procedure, role/ function of the committee complies with the requirements of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

* Committee Constitution and Reconstitution

Audit Committee was constituted on 14th March 2016.

* Number of Meetings held

During the year, 4 Audit Committee meetings were held on the following dates 28-05-2022, 13-08-2022, 14-11-2022 and 14-02-2023.

* Composition & Attendance of Audit Committee

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Pankaj Takkar	Non-Executive Independent Director	Chairman	4
2	Kiran Kumar Verma	Non-Executive Independent Director	Member	4
3	Aditya Arora	Executive Non Independent Director	Member	4

The Company Secretary acts as the Secretary of the Committee.

* The terms of reference of the Audit Committee are given below:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Providing recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and



- vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transaction of the Company with related parties;
9. Scrutiny of inter corporate loans and investments;
10. Valuation of undertakings or assets of the Company wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Review the functioning of the whistle blower mechanism;
19. Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference;

All the recommendations of the Audit Committee during the year were accepted by the Board of Directors.

2. NOMINATION AND REMUNERATION COMMITTEE

Our Company has constituted a Nomination & Remuneration committee ("**Nomination & Remuneration Committee**") pursuant to the provisions of section 178 of the Companies Act, 2013. The Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 14th March, 2016.

* Number of Meetings held

During the year, 3 Nomination & Remuneration committee meetings were held on the following dates: 05-09-2022, 10-11-2022 and 15-03-2023.

*** Composition & Attendance of Nomination and Remuneration Committee**

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	KIRAN KUMAR VERMA	Non-Executive Independent Director	Chairman	3
2	PANKAJ TAKKAR	Non-Executive Independent Director	Member	3
3	RAVI SHANKER SINGH	Non-Executive Independent Director	Member	3

The Company Secretary acts as the Secretary to Nomination & Remuneration Committee

The terms of reference of Nomination & Remuneration committee shall comply with the requirements of Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Role & Responsibilities of Nomination & Remuneration committee are:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of independent directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Our Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
- (e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
The Committee shall have powers to act in accordance with the provisions of the Articles of Association of the Company read with section 178 to the Companies Act, 2013.

Decision & Voting powers:

All the decisions of the committee shall be taken by vote of majority. Members of the committee shall be entitled to vote. In case of equality, the Chairman shall have one additional casting vote.

Tenure of the committee:

The Committee shall continue to be in function as a Committee of the Board until otherwise resolved by the Board.

Meetings:

The Committee shall meet on the reference made by the Board to the Committee.
The Committee on any matter relating to the reference made to it shall submit a report along with the resolution passed by it to the Board from time to time.



The Chairman of the Committee shall attend the annual general meeting of the Company to provide any clarification on matter relating to the remuneration payable to the directors of the Company.

Performance evaluation criteria for Independent Directors:

Each Independent Director's performance was evaluated by Schedule IV of the Companies Act, 2013 having regard to the following criteria of evaluation viz. (i) preparedness (ii) participation (iii) value addition (iv) focus on governance and (v) communication.

The Non-Executive Directors of the Company comprises of Independent Directors and are paid sitting fees for the time devoted to the Company. Apart from the sitting fees, there is no other material pecuniary relationship or transactions by the Company with the Directors. The performance criteria for payment of remuneration are stated in the Remuneration Policy.

Remuneration Policy and Remuneration of Directors

The remuneration policy of the Directors is aligned towards rewarding participation in meetings and is in consonance with industry benchmarks and provisions of the law. The objective of the policy is to attract and retain excellent talent while delivering optimal value to the business. The Nomination and Remuneration Policy provides for appropriate composition of Executive and Non-Executive Independent Directors on the Board of Directors of your Company along with criteria for appointment, remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013. The remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of your Company. The Non-Executive Directors of the Company are being paid sitting fees for attending Board Meetings and Committee Meetings. Executives Directors are not being paid sitting fees for attending meetings of the Board of Directors/Committees. Other than sitting fees, there were no material pecuniary relationships or transactions by the Company with the Non-Executive and Independent Directors of the Company.

The Company pays remuneration to its Executive Directors by way of salary, in accordance with provision of the Schedule V read with other provisions of the Companies Act, 2013, as approved by the Members. The Board on the recommendation of the Nomination and Remuneration Committee approves the annual increments. The detailed policy is available at website of company i.e. <http://www.kwalitypharma.com>

Remunerations paid during the Financial Year 2022-23 to Executive Directors are:

Name of Director	Designation	Yearly Remuneration (Rs.)
RAMESH ARORA	Managing Director	5100000
AJAY KUMAR ARORA	Whole Time Director	5100000
GEETA ARORA	Whole Time Director	2100000
ANJU ARORA	Whole Time Director	2100000
ADITYA ARORA	Whole Time Director & Chief Financial Officer	3600000



Sitting Fees for Board & Committee Meetings paid during the Financial Year 2022-23 to Non Executive Directors are:

Name of Director	Designation	Sitting Fees for Board & Committees Meeting (Rs.)
KIRAN KUMAR VERMA	Non-Executive Independent Director	175000
PANKAJ TAKKAR	Non-Executive Independent Director	139000
RAVI SHANKER SINGH	Non-Executive Independent Director	27000
KARTIK KAPUR	Non-Executive Independent Director	25000

Apart from the above, there is no other material pecuniary relationship or transactions by the Company with the Directors.

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition, procedure, role/ function of the committee complies with the requirements of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. This committee was constituted to resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non receipt of dividend, bonus, etc.

* Committee Constitution

Stakeholders Relationship Committee was constituted on 14th March 2016.

* Number of Meetings held

During the year 3 Stakeholder's Relationship Committee meetings were held on 28-05-2022, 13-08-2022 and 14-11-2022.

* Composition & Attendance of Stakeholders Relationship Committee

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Ravi Shanker Singh	Non-Executive Independent Director	Chairman	3
2	Geeta Arora	Executive Non Independent Director	Member	3
3	Anju Arora	Executive Non Independent Director	Member	3

The Company Secretary acts as the Secretary of the Committee. Ms. Gurpreet Kaur is company secretary & compliance officer of the company.



*** The Role of Stakeholder Relationship Committee is as under**

1. Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends or any other documents or information to be sent by the Company to its shareholders etc.
2. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc. and
4. Review the process and mechanism of redressal of shareholders/Investors grievance and suggest measures of improving the system of redressal of shareholders/Investors grievances.
5. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with company or any officer of the company arising out in discharge of his duties.
6. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
7. Oversee the implementation and compliance of the code of conduct adopted by the company for prevention of Insider Trading for Listed Companies as specified in the SEBI (Prohibition of Insider Trading Regulations), 2015 as amended from time to time.
8. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted meeting
9. Carrying out any other function contained in the Listing Regulations as and when amended from time to time.

The Stakeholder Relationship Committee shall act in accordance with the Regulation 20(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

*** Complaints**

In the year 2022-23, no investor complaints have been received by the Company.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was duly constituted in terms of the requirement of Companies Act, 2013 vide resolution passed at the meeting of board of directors held on 03-04-2017. During the financial year 2022-23, 2 meeting of the committee were held on 16-06-2022 and 24-02-2023. The composition of Committee and attendance of members is as follows:

Name	Category	Meeting held during 2022-23	No. of Meeting Attended
Geeta Arora	Chairperson	2	2
Aditya Arora	Member	2	2
Pankaj Takkar	Member	2	2



MEANS OF COMMUNICATION

The unaudited quarterly/half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the date of the closure of the financial year as per the requirement of the Listing Regulations with the Stock Exchanges.

The Company generally publishes the extracts of results in Financial Express (English) and Punjabi Jagran (Punjabi) newspapers.

Financials, Shareholding Pattern, Notices and other information is regularly been updated on the website of the Company i.e. www.kwalitypharma.com and also on the BSE website.

In compliance with Regulation 46 of Listing Regulations, a separate dedicated section under the caption "Investors Relations" on the Company's website www.kwalitypharma.com provides information on various announcements made by the Company, status of unclaimed dividend, Annual Report, Quarterly/Half yearly/Nine-months and Annual financial results along with the applicable policies of the Company. The Company's official news releases are also available on the said website.

The quarterly results, shareholding pattern, quarterly compliances and all other corporate communications to the Stock Exchange viz. BSE Limited are filed electronically. The Company had complied with filing submissions through BSE's BSE Listing Centre.

Any presentation made to the institutional investors and analysts are also posted on the Company's website.

NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Certificate from M/s Rishi Mittal & Associates, Company Secretaries, Amritsar confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

MD AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations, copy of which is attached to this Report.

i) GENERAL BODY MEETINGS:

Location, date and time of Annual General Meetings held in the last three financial years:-

Financial Year	Date & Time	Venue	Special Resolution (s)



2019-20	November 30, 2020 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	NIL
2020-21	September 30, 2021 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	<ol style="list-style-type: none">1. Re-appointment of Mr. Ramesh Arora (DIN:00462656) as the Managing Director and Revision of Remuneration.2. Re-appointment of Mr. Ajay Kumar Arora (DIN: 00462664) as the Whole Time Director and Revision of Remuneration.3. Re-appointment of Mrs. Geeta Arora (DIN: 03155615) as the Whole Time Director and Revision of Remuneration.4. Re-appointment of Mrs. Anju Arora (DIN: 03155641) as the Whole Time Director and Revision of Remuneration.5. Re-appointment of Mr. Aditya Arora (DIN: 07320410) as the Whole Time Director and Revision of Remuneration.6. Re-appointment of Mr. Pankaj Takkar (DIN: 07414345) as an Independent Director of the Company for a period of five (5) years.7. Re-appointment of Mr. Ravi Shanker Singh (DIN: 02303588) as an Independent Director of the Company for a period of five (5) years.8. Re-appointment of Mr. Kiran Kumar Verma (DIN: 07415375) as an Independent Director of the Company for a period of five (5) years.
2021-22	September 30, 2022 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	<ol style="list-style-type: none">1. Revision in Remuneration of Mr. Ramesh Arora (DIN: 00462656), Managing Director of the Company2. Revision in Remuneration of Mr. Ajay Kumar Arora (DIN: 00462664), Whole Time Director of the Company3. Revision in Remuneration of Mrs. Anju Arora (DIN: 03155641), Whole Time Director of the Company4. Revision in Remuneration of Mrs. Geeta Arora (DIN: 03155615), Whole Time Director of the Company5. Revision in Remuneration of Mr. Aditya Arora (DIN: 07320410), Whole Time Director of the Company

**(ii) Resolutions passed through Postal Ballot:**

During the year the Company migrated to Main Board of BSE Limited w.e.f. 13th June, 2022 (The resolution for migration was passed through postal ballot during FY 2021-22).

(iii) Special Resolution passed through Postal Ballot post financial year 2022-23

Sr. No	Particulars of Resolutions passed through Postal Ballot on June 14, 2023	Votes in favour of Resolution	Votes Against Resolution
1	Approval of Appointment of Mr. Prashanth Vellanki as an Independent Director	68,22,111	0

(iv) Procedure for Postal Ballot :

The postal ballot was conducted in accordance with the provisions of Section 110 and other applicable provisions, if any of the Companies Act, 2013 read together with Rule 20 and 22 of the Companies (Management & Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), read with the General Circular No. 14/2020 dated 8th April, 2020, General Circular No.17/2020 dated 13th April, 2020, General Circular No. 22/2020 dated 15th June, 2020, General Circular No. 33/2020 dated 28th September, 2020, General Circular No. 39/2020 dated 31st December, 2020 and General Circular No. 10/2021 dated 23rd June, 2021, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (collectively referred to as “**MCA Circulars**”) and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“**SEBI LODR**”) and other applicable provisions, if any, of the SEBI LODR, for the time being in force and as amended from time to time and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (“**SS-2**”), the Postal Ballot Notice was sent in electronic mode only, to all the Members whose names appeared in the Register of Members/List of Beneficial Owners as on the close of business hours on cut-off date i.e. May 12 2023 and whose e-mail IDs were registered with the Company / Depositories and the hard copies of Postal Ballot Notice alongwith Postal Ballot Forms were not sent to the Members for this Postal Ballot, so the Members had cast their votes through remote e-voting system only, in accordance with the above referred Circulars.

After completion of scrutiny of votes, the scrutinizer submitted his report and the results of voting by postal ballot were announced on 16th June, 2023. In addition to the results were communicated to BSE, the results along with Scrutinizer’s report were also placed at Company’s website viz. www.kwalitypharma.com. The resolution shall be deemed to have been passed on 14th June, 2023, being the last date for the receipt of votes through remote e-voting.

(v) No special resolution is proposed to be conducted through Postal Ballot as on the date of this report.

OTHER DISCLOSURES

1. None of the transactions with any of related parties were in conflict with the Company’s interest. All related party transactions are negotiated on arm’s length basis and are intended to further the Company’s interests. Transactions with related parties are disclosed in Notes to the accounts in the Financial Statements for the financial year. The Company has formulated a policy on dealing with related party transactions and the same is available on the website of the Company



https://www.kwalitypharma.com/assets/CORPORATE%20POLICIES/Policy-on-Related-Party-Transactions_kpl-1-9.pdf

2. There were no instances of non-compliances or penalty imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
3. The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India (Indian Accounting Standards referred to as "IndAS") as specified under the section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standard) Rules, 2015 and relevant amendment rules issued thereafter. The estimates/judgments made in preparation of these financial statement are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.
4. Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulation, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The policy is displayed on the website of the company viz. <http://www.kwalitypharma.com>
5. The Company has comprehensive guidelines on prohibiting Insider trading and the Company has adopted the code of internal procedures and conduct for listed Companies as mandated by SEBI.
6. The Company has complied with the mandatory requirements of the Corporate Governance of the Listing Regulations and also followed non mandatory requirements relating to financial statements with unmodified audit opinion/without qualification.
7. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: Not Applicable
8. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:
The details of total fees for all services paid by the Company and its wholly owned subsidiary, on a consolidated basis, to the Statutory Auditor for the FY 2022-23 are given below: Neither Company nor its wholly owned subsidiary company has paid fees to network firm / network entity of the statutory auditor:-

Type of Services	Fees (in Rs.)
Fees for Audit	8,00,000
Other professional fees	NIL

9. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - i. Number of complaints filed during the financial year 2022-23: Nil
 - ii. Number of complaints disposed of during the financial year 2022-23: N.A.
 - iii. Number of complaints pending as at end of the financial year 2022-23: N.A.



Annual Report 2022-23

10. The Company is subject to commodity price risks due to fluctuation in prices of raw material and packing material. Also, Company's payables and receivables are partly in foreign currencies and due to fluctuations in foreign exchange rates, it is subject to Currency risks. The risks are tracked and monitored on a regular basis and mitigation strategies are adopted in line with the risk management framework.

11. The Company and its subsidiary have not given loans and advances in the nature of loans to the firms/ companies in which directors are interested.

Material Subsidiary Company

During the year under review, the Company does not have any material subsidiary company however the Company has in place a Policy for determining Material Subsidiaries.

Subsidiary Companies

The Company monitors performance of its subsidiary company, inter-alia, by the following means:

- i. The Audit Committee reviews financial statements of the subsidiary company, along with investments made.
- ii. The Board of Directors reviews all the significant transactions and arrangements, if any, of subsidiary company.

The Company has formulated a policy regarding determination of 'Material' Subsidiaries and the same is available on the website of the Company www.kwalitypharma.com. The weblink for the same is:

https://www.kwalitypharma.com/assets/CORPORATE%20POLICIES_/MATERIAL%20SUBSIDIARY%20POLICIES.pdf

GENERAL SHAREHOLDER INFORMATION:

ANNUAL GENERAL MEETING

Date and Time: Saturday, 30th September, 2023 at 12:00 noon

Venue: The Company is conducting the AGM through Video Conferencing (VC)/ other Audio Visual Means (OAVM) in compliance with the applicable provisions of the Companies Act, 2013 read with Circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India ('SEBI').

FINANCIAL CALENDAR

The Financial year of the company is for period of 12 months from 1st April to 31st March. Tentative Financial calendar for the year F.Y. 2023-24 is:-

Un-audited results for the quarter ended June 30, 2023	On or before 14 th August, 2023
Un-audited results for the Quarter / half year ending September 30, 2023	On or before 14 th November, 2023
Un-audited results for the quarter/nine months ending December 31, 2023	On or before 14 th February, 2024
Audited results for the year ending March 31, 2024	On or before 30 th May, 2024



DIVIDEND PAYMENT

Your directors have decided to deployed back the profits earned during the year and therefore not recommended any dividend for the current financial year.

BOOK CLOSURE

23.09.2023 to 30.09.2023 (both days inclusive)

LISTING ON STOCK EXCHANGE

The Company migrated to Main Board of BSE on 10th June, 2022. Accordingly, Equity Shares of the Company were listed on the Main Board of BSE with effect from 13th June, 2022.

The Company has paid Annual Listing Fees for the above Stock Exchange for the financial year 2022-23 .

Scrip Code and Name: 539997 – KPL

DEMAT NUMBER FOR ISIN: INE552U01010

Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L24232PB1983PLC005426.

RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified practicing Company Secretary carries out the Reconciliation of Share Capital to reconcile the total capital held with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchange. The report, inter alia, confirms that the total listed and paid-up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in physical mode.

MARKET PRICE DATA OF EACH MONTH

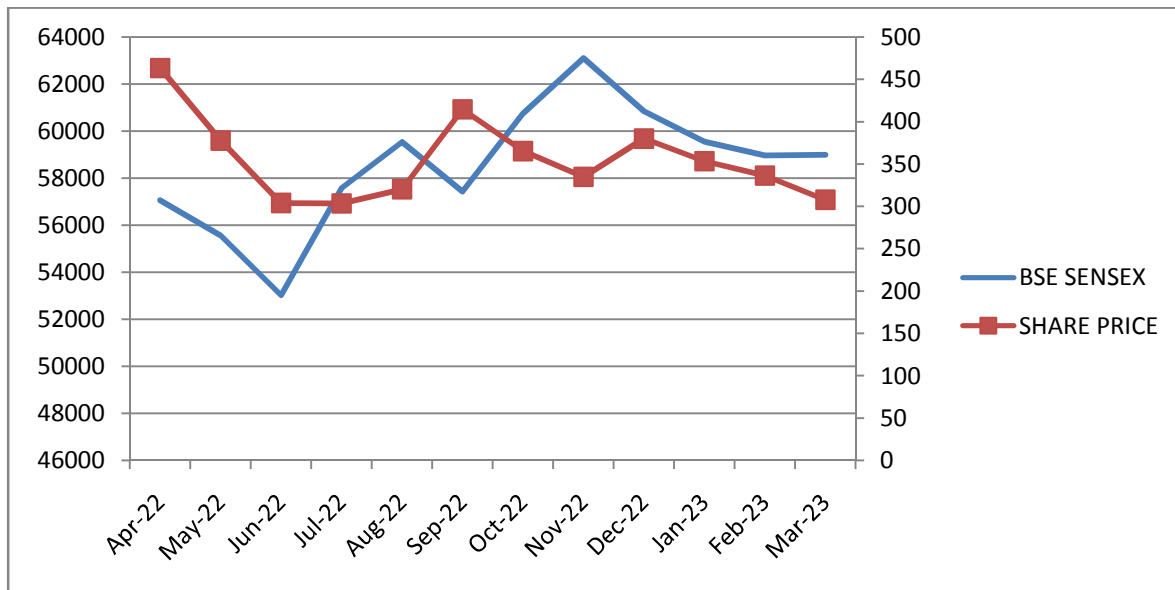
High and low prices of Equity Shares during the last financial year 2022-23 at the BSE Limited are as under:

Month	BSE Limited Kwaliti Pharmaceuticals Limited (in Rs.)	
	High	Low
April, 2022	638.95	443.95
May, 2022	495.00	350.05
June, 2022	411.95	289.45
July, 2022	324.95	275.00



August, 2022	328.65	265.60
September, 2022	508.80	322.00
October, 2022	465.00	360.00
November, 2022	374.70	306.00
December, 2022	445.60	324.90
January, 2023	398.00	330.95
February, 2023	367.40	285.95
March, 2023	360.00	300.00

Stock Performance vis-à-vis Index (BSE) as on 31.03.2023:



DEMATERIALIZATION OF SHARES

As on March 31, 2023, 10186490 (i.e. 98.17 %) Equity Shares of the Company were held in dematerialised form & 1,89,708 (i.e. 1.83%) were held in physical form. The breakup of the equity shares as on March 31, 2023 is as follows:

SHARE HOLDING PATTERN AS ON 31ST MARCH, 2023

Category	No. of Shares held	% of Shareholding
1. Promoters and Promoter Group	5679653	54.74
2. Bodies Corporate	1045766	10.08
3. Clearing Members	128062	1.23
4. Non-Resident Indians	689509	6.65
5. Indian Public	2833208	27.30
TOTAL	10376198	100

Distribution Schedule as on 31/03/2023
(on the basis of value of shares held)



Nominal Shares Value (Rs.)	No. of Share holders	%age to total Share holders	No. of Shares held	%age to total shares held
1-5000	5920	93.6709	337127	3.249
5001-10000	162	2.5633	120880	1.165
10001-20000	76	1.2025	115898	1.117
20001-30000	51	0.807	142747	1.3757
30001-40000	16	0.2532	54382	0.5241
40001-50000	14	0.2215	66364	0.6396
50001-100000	39	0.6171	279699	2.6956
100001-999999999	42	0.6645	9259101	89.234
TOTAL	6320	100.00	10376198	100.00

Share Transfer System:

As per SEBI notification effective from April 01, 2019 requests for Transfer of Securities held in physical form would be carried out in dematerialized form only except in case of transmission or transposition of securities. Therefore, Registrar and Share Transfer Agent and Company will not accept any request for transfer of shares in physical form. The Company obtains from a Company Secretary in practice, yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the stock exchanges. On March 31, 2023, there were no unprocessed transfers pending.

DETAILS OF DEMAT/ UNCLAIMED SUSPENSE ACCOUNT:

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Company is in compliance with the requirements under Regulation 17 to 27 read with Schedule V and clause (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, as amended from time to time.

REGISTERED OFFICE:

Village Nagkalan, Majitha Road, Amritsar-143601, Punjab, India.

CORPORATE OFFICE:

Village Nagkalan, Majitha Road, Amritsar-143601, Punjab, India.

PLANT LOCATION:

1. Village Nagkalan, Majitha Road, Amritsar-143601, Punjab, India.
2. 1-A, Industrial Area, Raja Ka Bagh, Jassur, Teh. Nurpur, Dist. Kangra (HP) - 176201 INDIA.

CREDIT RATING

The Company does not have any debt instruments or any fixed deposits scheme or programme and as of now, there is no proposal of any scheme or programme in respect of mobilisation of funds, whether



Annual Report 2022-23

in India or abroad, hence credit rating in relation to aforesaid purpose is not applicable to the Company.

REGISTRAR AND TRANSFER AGENTS:

Bigshare Services Private Limited, Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, .**Tel No.:** +91 22 62638200 **Web:** www.bigshareonline.com

INVESTORS / SHAREHOLDERS CORRESPONDENCE:

Investors / Shareholders may Correspond with the company at the Corporate/Registered Office of the company at Village Nagkalan, Majitha Road, Amritsar-143601, Punjab, India.

Contact info.: 8558820862, E-mail Id- cs@kwalitaqualitypharma.com **Web:** www.kwalitaqualitypharma.com

For and on Behalf of the Board

Place: Amritsar
Date: 06th September 2023

Sd/-
(RAMESH ARORA)
Managing Director
DIN: 00462656

Sd/-
(AJAY KUMAR ARORA)
Whole Time Director
DIN: 00462664

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I, RAMESH ARORA (DIN: 00462656), Managing Director of **KWALITY PHARMACEUTICALS LIMITED**, hereby declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2023.

Place:-Amritsar
Date:- 06th September 2023

Sd/-
RAMESH ARORA
Managing Director
(DIN: 00462656)



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
KQUALITY PHARMACEUTICALS LIMITED
Village Nagkalan, Majitha Road,
Amritsar-143601.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KQUALITY PHARMACEUTICALS LIMITED ('the Company')** having CIN **L24232PB1983PLC005426** and having registered office at Village Nagkalan, Majitha Road, Amritsar-143601 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Ramesh Arora	00462656	04/05/1983
2.	Ajay Kumar Arora	00462664	01/08/1995
3.	Aditya Arora	07320410	22/10/2015
4.	Geeta Arora	03155615	01/10/2010
5.	Anju Arora	03155641	01/10/2010
6.	Kiran Kumar Verma	07415375	01/02/2016
7.	Pankaj Takkar	07414345	01/02/2016
8.	Ravi Shanker Singh	02303588	01/02/2016
9.	Kartik Kapur	08966816	16/01/2021
10.	Prashanth Vellanki	05182633	16/03/2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RISHI MITTAL & ASSOCIATES
(Company Secretaries)

Sd/-

(RISHI MITTAL)

PROP.

ACS No. 12613 & C P No.: 3004

Place : Amritsar

Date : 06th September 2023

UDIN:- A012613E000950737



MD/CFO CERTIFICATION

To,

**The Board of Directors
KWALITY PHARMACEUTICALS LIMITED.**

I, RAMESH ARORA, the Managing Director (DIN:00462656) of the Company and I, ADITYA ARORA, the Chief Financial Officer (CFO) of the Company do hereby certify to the Board that:

1. We have reviewed the financial statements and the cash flow statement of the company for the year ending 31st March, 2023 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee that
 - i. There are no significant changes in internal control over financial reporting during the year;
 - ii. There are no significant changes in accounting policies during the year except mandated due to conversions from normal Accounting Standards to Indian Accounting Standards (Ind-AS) same have been disclosed in the notes to the financial statements.
 - iii. There are no instances of significant fraud of which we are aware and which involve management or any employees, having significant role in the Company's internal control system over financial reporting.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place:-Amritsar
Date: - **27-05-2023**

Sd/-
ADITYA ARORA
(Chief Financial Officer)
DIN:- 07320410

Sd/-
RAMESH ARORA
(Managing Director)
DIN:- 00462656



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
KWALITY PHARMACEUTICALS LIMITED.

We have examined the compliance of conditions of Corporate Governance by **KWALITY PHARMACEUTICALS LIMITED** ('the Company'), for the Financial Year ended **31st March 2023**, as stipulated in regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) and (t) of regulation 46(2) and para C, D and E of the Schedule V of the Listing Regulations during the year ended 31st March 2023.

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

**For RISHI MITTAL & ASSOCIATES
(Company Secretaries)**

Sd/-

(RISHI MITTAL)

PROP.

ACS No. 12613 & C P No.: 3004

Place : Amritsar

Date : 06th September 2023

UDIN:- A012613E000950770



MANAGEMENT'S DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

Global Economy Overview

In 2022, the global economy witnessed a slowdown, marked by a significant surge in inflation. This slowdown stemmed from a combination of factors, including geopolitical uncertainties, supply chain disruptions, and the enduring effects of the COVID-19 pandemic. According to the International Monetary Fund (IMF) global economic outlook report, the global GDP growth declined from 6.0% in 2021 to an estimated 3.2% in 2022. The baseline forecast is for growth to fall from 3.4% in 2022 to 2.8% in 2023, before settling at 3.0% in 2024.

Indian Economy Overview

Indian economy demonstrated remarkable resilience amidst global headwinds and became the world's fifth-largest economy with a nominal GDP of US\$ 3.5 Trillion with a GDP growth of 7.2% in FY 2022-23. Looking ahead, India's economic outlook remains promising. According to the Economic Survey, the country is projected to achieve a real GDP growth rate of 6.5% in FY 2023-24.

Global Pharmaceutical Industry Overview

For the last few years, the global pharmaceutical sector has been stable despite the uncertainties caused by COVID-19. With huge advances in information and research, the outlook for the sector is getting clearer with more predictable challenges ahead.

As per IQVIA, global medicine market is expected to grow at a CAGR of 4.5% through 2027, reaching about \$1.9 Trillion in total market size despite recent slowdown in key markets across the globe. The reasons are simple: aging and growing population, rising income levels, and emerging medical conditions and emergence of new diseases.

Oncology along with critical care is forecasted to grow the fastest in terms of global spending at a CAGR of 13–16% through 2027. Demand for innovative drugs will drive oncology spending to approximately \$370 billion by 2027, almost double the current level.

Another key growth area for medicines is biotech, which is estimated to represent 35% of global spending in the next five years.

Indian Pharmaceutical Industry Overview

The Indian pharmaceutical sector is the third largest supplier by volume in the world. With 20% of the global supply share, India is also known as the 'Pharmacy of the World'. To get a sense of its manufacturing abilities, India has the highest number of US-FDA compliant Pharma plants outside of USA and is home to more than 3,000 pharma companies with a strong network of over 10,500 manufacturing as well as a highly skilled resource pool.

Currently, the Indian pharma industry is valued at \$50 billion out of which 51% consist of exports. In FY23, India exported nearly \$25 billion worth of pharmaceuticals. Indian Pharma industry has been growing at a healthy pace



Annual Report 2022-23

and is known for its highly efficient and cost-effective pharmaceutical companies. According to the EY FICCI report, the Indian pharmaceutical market is expected to reach \$130 billion in value by the end of 2030, as there has been a growing consensus on providing new innovative therapies to patients.

The pharmaceutical industry was primarily focused on covid drugs in 2020 and 2021 but by 2022, the focus had shifted to other severe diseases such as anaemia and cancer. In 2022-23, despite geopolitical concerns, India continued to supply medicines to over 200 countries, living up to its reputation as the world's pharmacy.

COMPANY OVERVIEW

Introduction:

Kwalita Pharmaceuticals Ltd was established in 1983, by Mr. Ramesh Arora and later joined by his younger brother Mr. Ajay Kumar Arora. Today, the operations of the company are spearheaded by Mr. Aditya Arora from the second generation under the guidance of the founders. The management is now focused to shape the organization for the next phase of growth, as they navigate Kwalita to be future ready.

Business Model

Kwalita Pharma's business model caters to a wide range of Pharmaceutical Products predominantly for the global market. The company has its production facilities based in Punjab & Himachal Pradesh having a total of 5 units that are fully operational.

Kwalita's market reach extends to more than 60 countries, with a strong presence in the Middle East, French West Africa, and Latin American regions. We are actively expanding our market access, particularly in multiple LATAM & ASEAN countries. We have recently ventured into the Brazilian and EU markets, marking new milestones in our growth journey.

Our extensive product range includes over 3000 formulations spanning across more than 25 therapeutic segments. The company covers a wide array of product categories, encompassing generics, cephalosporin, beta-lactam, oncology, and biologics. More than 95% of revenues for the company comes from the exports markets and Injectables have contributed to over 50% of the company's sales in recent years.

Adhering to high quality standards, all our manufacturing plants are compliant with Good Manufacturing Practices (GMP). Our commitment to quality is underscored by the approval of three out of our five units by BRAZIL's National Health Surveillance Agency (ANVISA). Additionally, two out of the five units have secured approval by the European Union's Good Manufacturing Practice (EU GMP) standards.

Kwalita's differentiated manufacturing capabilities are demonstrated by some of our unique product categories that can be manufactured as below:

- Liposomal Pegylated Injectables
- Peptide (Long Acting) based Injectables
- Lyophilized injectables
- Nano particle-based Tech
- Emulsion & Implant Tech
- Niche Biological Injectables

Manufacturing Setup



Annual Report 2022-23

The company operates two manufacturing facilities -One at Amritsar, Punjab and other at Jassur, Himachal Pradesh

- Unit 1, Amritsar:** This unit has two blocks -Block A and Block W1 and is used to manufacture all type of generic medicines and medicines for critical care injectables.
Approval Status: GMP, Brazilian ANVISA in Dec 2022,
- Unit 2, Amritsar:** This facility is for Beta-lactam and anti-infectives segment. The operations have been commenced from June 2022 onwards for non-regulated markets but is currently operating at a very low utilization.
Approval Status: Our plan is to get the USFDA approval down the line.
- Unit 6, Amritsar:** This facility is for biologics. The operations have been commenced the operations from August 2023
Approval Status: Our plan is to get ANVISA &EU GMP down the line
- Unit 3, Jassur:** This facility is for Oncology products
Approval Status:PIC/S, ANVISA (Brazil) and EU GMP
- Unit 4, Jassur:** is for Cephalosporins and Anti-infectives. This block was started in August 2021.
Approval Status: PIC/S, ANVISA (Brazil) EU GMP

Whatever cash we generated in an exceptional FY22 from the covid related molecules sales, we have infused it all in building up new facilities and in upgradation of existing ones.

Regulatory Approvals:

While exporting any pharmaceutical product, there are two types of approvals that may be required across most semi-regulated and regulated markets: 1) Facility / Plant Approval 2) Product Approval. The competent authority audits the manufacturing facility along with the processes, product capability and many other areas before giving final approvals.

Though the concept of approval process on a high level is same for different inspecting authorities, there are many nuances that differ from one country to another in terms of compliance procedures, documentations, process timelines and the regulatory costs.

Kwalita has been successfully pivoting itself from being a ROW player to semi-regulated and regulated markets. This is demonstrated by building up new plants and getting multiples plants approved from various regulatory authorities across the world including the stringent regulatory authorities of the world. Further, the company also plans to get additional plant approval from stringent regulatory authorities so as to cater to a larger product basket in the global markets.

OUTLOOK

The company efforts are placed to achieve the following strategic, operational and financial goals:

- On the strategic front, we plan to leverage the excellence in manufacturing to enter more regulated markets while making long term commercial partnerships both locally and globally. We plan on Increasing our R&D



Annual Report 2022-23

efforts for off-patent drugs that are complimentary to existing portfolio to be an early entrant in the global markets.

2. On the operating front, we are trying to get all our remaining units EUGMP approved while increasing our footprint in existing markets of LATAM, French West Africa and across other Ems. We plan to apply for USFDA approval for Unit 2 starting FY25 in phases. We are also working towards to build a biologics product portfolio starting with 3 molecules in initial phase and get PIC/s and EU approval for the most anticipated and fastest growing segment of Oncology.
3. On the financial front, we want to sustain our EBITDA margin in the range of 22-25% while improving our working capital efficiency. Our target is to double our revenues before FY26.

OPPORTUNITIES, RISKS, CONCERNS & THREATS

In the financial year 2022-23, global economy witnessed slowdown in growth impacted by the Ukraine – Russia conflict, persistently high inflation levels across all major economies in the world and slowdown in the Chinese economy that was affected by numerous lockdowns imposed to control the COVID-19 pandemic. Despite uncertainties particularly ones engendering from economic and geopolitical circumstances, the industry is expected to regain its pre-pandemic growth rates by 2024. The global pharmaceutical market is projected to grow at a CAGR of 3-6% between 2023 and 2027 and India's pharmaceutical exports grew in FY 2023 to US\$25.3 billion from US\$24.6 billion in the previous year.

The Company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchangerisk, cyber risks and other commercial and business-related risks.

The Kwalita Pharmaceuticals Limited will be able to place itself in a strong position by expanding strategically, increasing its manufacturing capacities and enhancing capacities across the organization.

SEGMENT WISE PERFORMANCE

Your Company operates in Single segment of manufacturing of broad range of finished pharmaceutical formulations in a dosage form viz. Tablets, Capsules, Syrup, Dry Syrup, Injections etc.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has a robust system of internal controls comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. Internal audits are conducted in the Company on regular basis. Reports of the internal auditor are reviewed by the senior management and are also placed before the Audit Committee of the Directors. The statutory auditors also review their findings with the senior management and the Audit Committee.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

(In Rupees Lacs)

Particulars	Current Year	Previous Year
Total Income	25393.60	45964.35
Profit before Tax (PBT)	2576.13	16167.48
Profit After Tax (PAT)	1946.88	12004.65

During the year under review, on standalone basis, revenue of the company was Rs. 25393.60 Lakhs as compared to Rs. 45964.35 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 1946.88 Lakhs as compared to Rs. 12004.65 Lakhs in the previous year. For the coming year, although the overall economy and business scenario is grim across all sectors, but we foresee the outlook of your company as quite positive and stable.

The details of changes in key financial ratios are explained in the table below:

Ratios	Financial year 2022-23	Financial year 2021-22
Debtors Turnover	3.49	8.41
Inventory Turnover	3.59	12.90
Current Ratio	1.65	1.64
Interest Coverage Ratio	8.02	56.42
Debt Equity Ratio	0.45	0.30
Operating Profit Margin	16.85%	35.44 %
Net Profit Margin	7.76%	26.32 %
Return on Net Worth	9.64%	65.76 %

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The human resource plays a vital role in the growth and success of an organization. Our goals are best achieved when motivated and well-trained employees provide quality service that always fulfils our customers' expectations. Our Certified programs are tailored for seamless & easy implementation. Common values of Passion, Can Do, Right First Time & as One and a clear focus on quality are the foundational tools necessary for all company employees to deliver customer centricity par excellence. In order to motivate employees and recognize their outstanding work, employees are being awarded by individual managers for excellent work and several employees are being acknowledged for achievements beyond the call of duty. As of the end of FY 2022-23, the total number of the employees of Company are 579. The Company's HR department has enabled it to acquire, develop, motivate and maintain its skilled human resource. The Company worked on its recruitment process at bringing about improvement in: Speed at which talent is brought in, Quality of talent with respect to competence and compatibility and Cost of recruitment.

CAUTIONARY STATEMENT

Statement in this report describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include economic conditions affecting demand / supply and price



Annual Report 2022-23

condition in the domestic markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

For and on Behalf of the Board

Place: Amritsar

Date: 06th September 2023

**Sd/-
(RAMESH ARORA)
Managing Director
DIN: 00462656**

**Sd/-
(AJAY KUMAR ARORA)
Whole Time Director
DIN: 00462664**



INDEPENDENT AUDITORS' REPORT FOR THE STANDALONE FINANCIAL STATEMENTS OF KWALITY PHARMACEUTICALS LIMITED

To
The Members
Kwalita Pharmaceuticals Limited.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Kwalita Pharmaceuticals Limited** (the "Company"), which comprise the Balance Sheet as at **31st March 2023**, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and total comprehensive income (comprising of profit/loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Emphasis of Matter

We would like to draw attention to Note 5 of the Note to Standalone Financial Statements in respect of exceptional items that include written off of inventory amounting to Rs. 705.12 lacs.

The Exceptional Items includes another item of Input Tax Credit of Rs. 947.82 lacs that has been written off in Statement of Profit and Loss as exceptional item.(Refer Note 33 of Notes to Standalone Financial Statement.)

Our Opinion is not modified in respect of above stated matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis/Corporate Governance Report and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of 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, total comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Board of



Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements



represent the underlying transactions and events in a manner that achieves fair presentation.

- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:
 - (i) planning the scope of our audit work and in evaluating the results of our work; and
 - (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of sub section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including Other Comprehensive Income), the standalone statement of cash flows and standalone statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31st March 2023 taken on record by the Board of Directors, none of the directors is



disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g. With respect to the other matters to be included in the Auditors’ Report in accordance with the requirements of section 197(16) of the Income the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, remuneration paid by the company to its directors during the year is in accordance with the provisions of the provisions of section 197 of the Act; and

(B) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations as at 31st March 2023 on its financial position in its standalone financial statements – Refer Note 30 of Notes to Standalone Financial Statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. i) The management has represented that, to the best of its knowledge and belief, no funds (which are materially either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities,



Annual Report 2022-23

including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

- e. The Company has neither declared nor paid any dividend during the year.
- f. Proviso to the Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company from the Financial Year beginning April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial Year 2022-2023.

**For ARORA AGGARWAL & CO.
Chartered Accountants
(Firm’s Registration No. 021086N)**

**Sd/-
CA Gaurav Aggarwal
Partner
Membership No. 098347
UDIN: 23098347BGTUVC8242**

**Date: 27-05-2023
Place: Amritsar**



ANNEXURE A– Report under the Companies (Auditor’s Report) Order, 2020 of the Standalone Financial Statements of Kwaliti Pharmaceuticals Limited

Referred to in of our report of even date

In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that: –

(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) As explained to us, all the Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the company. However, the title deeds of the Company’s Registered Office and Manufacturing unit is situated at Village Nagkalan, Majitha Road, Amritsar, Panjab, is on leased premises. The same premises is owned by Mr. Ramesh Arora and Mr. Ajay Arora, Promoters of the Company and the lease is for initial period of 49 years. The company has another Industrial Property at Wakia 6 Mile Stone Village Nag Kalan, Majitha Road, Amritsar -143001 which is owned by the Company. Similarly, another manufacturing unit is situated at Plot No. 1-A, industrial Area Raja Ka Bagh, Tehsil Nurpur, District Kangra, Jassur, Himachal Pradesh is on also on leased premises. The same premises is owned by Government of Himachal Pradesh and the lease is for long term.

(d) According to the information and explanations given to us, and on the basis of our examination of the record of the company, the company has not revalued any Property, Plant & Equipment (including Right of Use assets) or intangible assets during the year.

(e) According to the information and explanations given to us, and on the basis of our examination of the record of the company, no proceedings have been initiated or are



pending against the company for holding any Benami property under the “Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder.

(ii) (a) As explained to us, the inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable.

In our opinion and on the basis of our examination of the records, the company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets; the monthly statements filed by the Company with such bank, though have insignificant difference, are largely in agreement with the unaudited books of account of the Company of respective months and no material discrepancies have been observed.

(iii) As per explanations and information given to us, during the year the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made

(v) The Company has not accepted any deposits from the public as per the provisions of section 73 to 76 of the Companies Act 2013. Therefore, rules and provisions stated thereunder are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the central government under sub section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained by the company.

(vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company,

**Annual Report 2022-23**

- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, custom duty, excise duty, Goods & Service Tax, Cess and other material statutory dues applicable to it. However, the company has deposited TDS and GST after due dates and paid interest and late fees on late payments and on late filing of TDS and GST returns.
- (b) According to the information and explanations given to us, details of Income tax, sales tax, Service tax, Customs Duty, Excise Duty and Value Added Tax, the amounts that may be required to be deposited on account of demand raised by the following departments. The Details are as under:

Financial Year	Amount in Dispute (Rs.)	Particulars of Demand	Remarks
2013-2014	120790.00	TDS under Income Tax Department	Rectification filed for deletion of Demand
2014-2015	23570.00	TDS under Income Tax Department	Rectification filed for deletion of Demand
2014-2015	254648.00	VAT Department, Lucknow	Appeal filed with Commissioner Appeals, Lucknow. Demand already deposited under Protest
2015-2016	903400.00	VAT Department, Lucknow	Appeal filed with Commissioner Appeals, Lucknow. Demand already deposited under Protest
2016-2017	1588562.00	VAT Department, Lucknow	Demand already deposited under Protest. Appeal already decided in favour of Company by Commissioner Appeals vide order dated 21/03/2023.
2017-2018	2335000.00	VAT Department, Lucknow	Appeal filed with Commissioner Appeals, Lucknow. Demand already deposited under Protest.

- (viii) According to the information and explanations given to us, there is no transaction, recorded in the books of account that has been surrendered or disclosed as income during



the year in the tax assessments under the Income Tax Act, 1961, hence, clause(viii) of Order is not applicable.

(ix)

a) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion, the company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders.

b) According to the information and explanations given to us, the company is not declared, willful defaulter by any bank or financial institution or other lender.

c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.

d) According to the information and explanations given to us, no funds raised on short term basis have been utilized for long term purposes.

e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures; hence clause (ix)(e) of the Order is not applicable.

f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies; hence clause (ix) (f) of the Order is not applicable.

(x)

a) The company has not raised money by way of Initial Public Offer/Further Public Offer during the year.

b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year, so clause (x)(b) of Order is not applicable.

xi) (a) According to the information and explanations given to us, no fraud by the company or any fraud on the Company has been noticed or reported during the year.

(b) None of report under sub-Section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government.



(c) According to the information and explanation given to us, no whistle-blower complaints received during the year by the company.

(xii) The company is not a Nidhi Company hence this clause is not applicable.

(xiii) Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him and provisions of section 192 of the Act are not applicable.

(xvi) (a) According to the information and explanations given to us, and in our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order are not applicable.

(d) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined under the Regulations by the Reserve Bank of India, hence paragraph 3(xvi) (d) of the Order are not applicable.

(xvii) The Company has not incurred any cash loss in the current financial year and similarly no cash loss in the immediately Preceding Financial Year.

(xviii) There is no resignation of the statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the

**Annual Report 2022-23**

IND AS financial statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx)

(a) According to the information and explanations given to us and based on our examination of the records of the company, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Companies Act, 2013 (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act;

(b) According to the information and explanations given to us, in respect of ongoing projects, the company has transferred unspent amount to a special account, within a period of 31 days from the end of the financial year under section 135(6) of the Companies Act, 2013, the details of which are as under:

Financial year	Amount unspent on Corporate Social Responsibility activities for "Ongoing Projects"	Amount Transferred to Special Account within 30 days from the end of the Financial Year	Amount Transferred after the due date and the date of transfer
2022-23	Rs. 46,36,838	NIL	Rs. 46,36,838 transferred on May 01, 2023

(xxi) This report, being issued on standalone financial statements, clause (xxi) of the order is not applicable.

For ARORA AGGARWAL & CO.

Chartered Accountants

(Firm's Registration No. 021086N)

Sd/-

CA Gaurav Aggarwal

(Partner)

Membership No. 098347

UDIN: 23098347BGTUVC8242

Place:-Amritsar

Date:- 27-05-2023



ANNEXURE B: To the Independent Auditor’s Report of even date on the Standalone Financial Statements of Kwaliti Pharmaceuticals Limited

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report to the Members of **Kwaliti Pharmaceuticals Limited** on the Standalone Financial Statement of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **M/s Kwaliti Pharmaceuticals Limited (“the company”)** as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our



audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion



Annual Report 2022-23

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For ARORA AGGARWAL & CO.
Chartered Accountants
(Firm's Registration No. 021086N)**

**Sd/-
CA Gaurav Aggarwal
Partner
Membership No. 098347
UDIN: 23098347BGTUVC8242**

**Place: Amritsar
Date: 27-05-2023**



KWALITY PHARMACEUTICALS LIMITED
Regd. Office:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601
CIN No. :- L24232PB1983PLC005426; Phone no. :- 8558820862
Email Id:- ramesh@kwalitiypharma.com; Website :- www.kwalitiypharma.com

Standalone Balance Sheet as at 31 March, 2023

(Rs. in lakhs)

Particulars		Note No.	As at 31 March, 2023	As at 31 March, 2022
A	ASSETS			
1	Non-current assets			
	(a) Property Plant and Equipments	1	11957.42	9077.17
	(b) Intangible assets		-	-
	(b) Capital work-in-progress	2	1429.19	1214.85
	(c) Deferred tax Assets		-	-
			13386.61	10292.02
	(d) Financial Assets:			
	(i) Investments	3	354.78	354.78
	(e) Other non-current assets	4	1164.35	889.02
	Total Non-Current Assets (A)		14905.73	11535.81
2	Current assets			
	(a) Inventories	5	8631.47	5336.02
	(b) Financial Assets:			
	(i) Trade receivables	6	7328.85	7070.57
	(ii) Cash and Bank Balances	7	179.90	705.81
	(iii) Bank Balances other than (ii) above	8	429.38	381.64
	(iv) other financial current assets	9	689.62	880.11
	(c) Short term loans and advances	10	1034.52	2520.11
	(d) Other current assets	11	2458.57	5837.51
	Total Current Assets (B)		20752.32	22731.77
	TOTAL ASSETS (A+B)		35658.05	34267.58
B	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	12	1037.62	1037.62
	(b) Other Equity	13	19164.90	17218.03
	(c) Money received against share warrants		-	-
	Total Shareholders' funds (A)		20202.52	18255.65



2 Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	14	2730.28	2028.83
(b) Deferred tax liabilities (net)	15	41.12	27.46
(c) Long-term provisions	16	90.29	75.33
Total Non- current liabilities (B)		2861.69	2131.62
3 Current liabilities			
(a) Financial Liabilities			
(a) Short-term borrowings	17	6296.10	3372.30
(b) Trade payables	18		
-Total outstanding dues of micro enterprises and small enterprises		1835.82	1576.24
-Total outstanding dues of other than micro enterprises and small enterprises		1683.42	1875.24
(c) Other Financial current liabilities	19	277.32	253.62
(b) Short Term Loans and Advances	20	1852.81	2702.91
(c) Current Tax provisions	21	648.36	4100.00
Total Current liabilities (C)		12593.84	13880.31
TOTAL EQUITY AND LIABILITIES (A+B+C)		35658.05	34267.58

The accompanying notes forming part of the financial statements
As per our report of even date attached

For ARORA AGGARWAL & CO

Chartered Accountants

(Firms Registrartion No.021086N)

Sd/-

CA Gaurav Aggarwal

(Partner)

Membership No. 098347

UDIN: 23098347BGTUVC8242

Place: Amritsar

Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-

Ramesh Arora

Managing Director

DIN: 00462656

Sd/-

Ajay Kumar Arora

Whole Time Director

DIN:00462664

Sd/-

Gurpreet Kaur

Company Secretary

Sd/-

Aditya Arora

Whole Time Director & CFO

DIN: 07320410



KWALITY PHARMACEUTICALS LIMITED
Regd. Office:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601
CIN No. :- L24232PB1983PLC005426; Phone no. :- 8558820862
Email Id:- ramesh@kwalitiypharma.com; Website :- www.kwalitiypharma.com

Standalone Statement of Profit and Loss for the year ended 31st March, 2023

(Rs. in lakhs) except EPS

Sr. No.	Particulars	Note No.	Year Ended 31.03.2023 (Audited)	Year Ended 31.03.2022 (Audited)
I.	Revenue from operations (Net)	22	25099.47	45613.16
II.	Other income	23	294.12	351.19
III.	Total Revenue (I+II)		25393.60	45964.35
IV.	Expenses			
	(a) Cost of materials consumed	24	11322.40	19930.85
	(b) Purchases of stock-in-trade	25	4.25	380.38
		26		
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		-319.94	-250.87
	(d) Employee benefits expense	27	2989.75	2008.68
	(e) Finance Cost	28	602.04	291.73
	(f) Depreciation and amortisation expense	11	1491.88	1064.41
	(g) Other expenses	29	5074.14	6371.69
	Total expenses (IV)		21164.53	29796.86
V.	Profit/(Loss) from operations before Exceptional items and Tax (III-IV)		4229.07	16167.49
VI.	Exceptional items		1652.94	.00
VII.	Profit / (Loss) before Tax (V-VI)		2576.13	16167.49
VIII.	Tax expense:			
	(1) Current tax		648.36	4100.00
	(2) Deferred tax		13.66	27.46
	(3) Income tax relating to earlier years		-32.77	35.37
	(4) MAT Credit (Entitlement)/Utilised		.00	.00
IX.	Profit/(Loss) after Tax (VII-VIII)		1946.88	12004.66
X.	Other Comprehensive Income (net of tax)			
	(i) Items that will not be reclassified to profit or loss		-32.57	-35.32
	(ii) Items that will be reclassified to profit or loss			
	Total Other Comprehensive Income (net of tax)		-32.57	-35.32
XI.	Total Comprehensive Income for the period (IX+X)(Comprehensive Profit/(Loss) and Other Comprehensive Income for the period)		1914.31	11969.34
XII.	Paid up Equity Share Capital (Face value Rs.10 each)		1037.62	1037.62
XIII.	Other Equity(excluding revaluation reserve)		19084.90	17138.03
XIV.	Earnings per equity share (Non annualised) (In Rs.)			
	(1) Basic		18.45	115.36
	(2) Diluted		18.45	115.36

The accompanying notes forming part of the financial statements
As per our report of even date attached

For ARORA AGGARWAL & CO
Chartered Accountants
(Firms Registration No.021086N)

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347
UDIN: 23098347BGTUVC8242

Place: Amritsar
Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-
Ramesh Arora
Managing Director
DIN:00462656

Sd/-
Gurpreet Kaur
Company Secretary

Sd/-
Ajay Kumar Arora
Whole Time Director
DIN:00462664

Sd/-
Aditya Arora
Whole Time Director & CFO
DIN: 07320410



KWALITY PHARMACEUTICALS LIMITED			
Standalone Cash Flow Statement for the Year ended 31st March 2023			
(Rs. in lakhs)			
		Year ended 31st March 2023	
		(Audited)	
		Year ended 31st March 2022	
		(Audited)	
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	2576.13	16167.49
	Adjustments for:		
	Depreciation	1491.88	1064.41
	(Profit)/loss on sale of Assets	-5.42	.00
	Long-term Provision for Gratuity	14.96	7.52
	Interest & Finance Charges	602.04	291.73
	Interest on FDR	-12.30	-12.28
		2091.15	1351.38
	Operating Profit before Working Capital Changes	4667.28	17518.87
	Adjustments for:		
	Decrease/(Increase) in Short Term Loans & advances	1485.58	-5120.77
	Decrease/(Increase) in Inventories	-3295.44	-3599.57
	Decrease/(Increase) in Current financial Assets	-115.54	-3230.89
	Increase/(Decrease) in Other Current Liabilities	-850.11	.00
	Decrease/(Increase) in Other Current Assets	3378.94	.00
	Increase/(Decrease) in current financial Liabilities	3015.27	972.17
	Increase/(Decrease) in Short Term Provisions	-3451.64	3520.00
		167.08	-7459.07
	Cash generated from operations	4834.36	10059.80
	Less: Income Tax	615.59	4135.37
	Net Cash flow from Operating activities (A)	4218.77	5924.43
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Payment for Property, Plant and Equipment	-4767.32	-5515.23
	Sale of Property, Plant and Equipment	186.28	.00
	Increase in Investment	.00	-4.83
	Interest on FDR	12.30	12.28
	Increase in Other Non Current Assets	-275.33	-789.80
	Net Cash used in Investing activities (B)	-4844.08	-6297.59
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds/Repayment of Borrowings(net)	701.44	857.40
	Interest paid	-602.04	-291.73
	Net Cash from financing activities (C)	99.41	565.67
	Net increase in cash & Cash Equivalents (A+B+C)	-525.90	192.51
	Opening Cash and Cash equivalents	705.81	513.30
	Closing Cash and Cash equivalents	179.90	705.81
	Cash & Cash Equivalents	As on	As on
		31.03.2023	31.03.2022
	Cash in Hand	34.83	64.04
	Cash at Bank	145.08	641.77
	Cash & Cash equivalents as stated in Financial Statements	179.90	705.81

Notes:

- The above cash flow statement has been prepared under 'Indirect Method' as set out in AS-7 on statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.
- previous year's figures have been re-grouped and re-arranged wherever necessary.

As per our report of even date attached

For **ARORA AGGARWAL & CO**
Chartered Accountants
(Firms Registration No.021086N)

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347
UDIN: 23098347BGTUVC8242

Place: Amritsar
Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-
Ramesh Arora
Managing Director
DIN: 00462656

Sd/-
Gurpreet Kaur
Company Secretary

Sd/-
Ajay Kumar Arora
Whole Time Director
DIN: 00462664

Sd/-
Aditya Arora
Whole Time Director & CFO
DIN: 07320410



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

A. EQUITY SHARE CAPITAL			
PARTICULARS	(Rs. in Lacs)		
As at 31 st March 2021	1037.62		
Additions/(Reductions)	-		
As at 31 st March 2022	1037.62		
Additions/(Reductions)	-		
As at 31st March 2023	1037.62		

B. OTHER EQUITY	Reserves & Surplus		(Rs. in Lacs)
	Retained Earnings	Other Reserves	Total
Balances as at 31 st March, 2021	4278.39	934.98	5,213.37
Movement during the year:			
Profit for the period	12004.66	-	12004.66
Other Comprehensive Income for the year, net of tax	-35.32	-	-35.32
Transition adjustments during the year	43.32	-	43.32
Reserve reclassification adjustment account		-8.00	-8.00
Balances as at 31st March, 2022	16291.05	926.98	17,218.03
Movement during the year:			
Profit for the period	1946.88	-	1,946.88
Other Comprehensive Income for the year, net of tax	-32.57		-32.57
Transition adjustments during the year	32.78	-	32.78
Reserve reclassification adjustment account		-0.21	-0.21
Balances as at 31st March, 2023	18238.13	926.77	19164.90



Significant Accounting Policies and Notes to the Standalone Financial Statements for the year ended 31st March, 2023

1. Corporate Information

The Standalone Financial Statements of “**Kwaliti Pharmaceuticals Limited**” (“the Company”) are for the year ended 31st March, 2023.

The Company is a domestic public limited company incorporated and domiciled in India and has its registered office at Village Nagkalan, Majitha Road, Amritsar, Punjab – 143601, India.

The company was incorporated as private limited company on 04/05/1983 under the Companies Act, 1956. The company was then converted into public limited company on 28/12/2015, subsequently name changed to Kwaliti Pharmaceuticals Limited. Thereafter, the company obtained listing status of SME platform of Bombay Stock Exchange by making the Initial Public Offer and the shares of the company were listed on the SME platform of BSE on 18th of July, 2016.

The Company made an application for Migration of the Company’s Equity Shares from SME Platform of BSE Limited to the Main Board of the BSE on 09th April 2022 and received the final approval from BSE Limited on 10th June, 2022. Accordingly, Equity Shares of the Company were listed on the Main Board of BSE Limited with effect from 13th June, 2022. The company is engaged in the business of manufacturers, buyers and sellers of and dealers in all kind of drugs intermediates, chemicals, extracts, alkaloids and other pharmaceutical goods, toilet requisites, medicines, beverages and other medical preparations.

1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and amendments made thereafter and the relevant provisions of the Companies Act, 2013 (“the Act”) and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

2. Summary of Significant Accounting Policies:

(a) Basis of preparation and Measurement:

The Financial statements have been prepared on an accrual basis of accounting and under the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values / amortized cost / net present value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements have been presented in Indian Rupees (INR), which is also the Company’s presentation and functional currency. All values are rounded off to the nearest two decimal lakhs, unless otherwise indicated.

All the Assets & Liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria as set out in Ind AS 1 and Schedule III to the said Act.



(b) Classification of Current and Non-Current:

An asset is treated as current when it is:

- i) Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii) Held primarily for the purpose of trading,
- iii) Expected to be realized within twelve months after the reporting period, or
- iv) Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle,
- ii) It is held primarily for the purpose of trading,
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to determine the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non – current.

(c) Property, plant and equipment:

The Company has elected to continue with the carrying value of its Property Plant & Equipment (PPE) recognised as of April 1, 2022 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation/amortization and impairment losses, if any. The cost comprises of the purchase price (net of GST credit wherever applicable) and any attributable cost of bringing the property, plant and equipment to its working condition for its intended use.

Subsequent expenditure related to an item of property, plant and equipment are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Company identifies and determines separate useful life for each major component of property, plant and equipment, if they have useful life that is materially different from that of the remaining asset.

Items such as Laboratory items is recognized in accordance with Ind AS 16 “Property, Plant and Equipment” when they meet the definition of property, plant and equipment. Otherwise, such items are classified as Consumable expense or Inventories as per the nature of item.

Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as “Capital work-in-progress”. Advances given towards acquisition of property, plant and equipment’s outstanding at each Balance Sheet date are disclosed as Capital Advances under “Other Non-Current Assets”.



Annual Report 2022-23

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment and are recognized in the statement of profit and loss when the property, plant and equipment is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Depreciation on Property, plant and equipment:

Depreciation on fixed assets is calculated on written down value basis using the rates arrived at based on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 for the year ended on March 31, 2023.

The useful life of Property, Plant and Equipment as estimated by the Management on the basis of expert advice and past experience are as under:

Class of Assets	Useful life (in years)
Plant & Machinery	20 years
Building	20-30 years
Furniture	10 years
Vehicles	8 years
Computer Equipment	3 years
Laboratory Equipment	10- 20 years
Office Equipment	5 years
Lift	8 years
Electric Fittings	10 years

*Land held by the company is not depreciated.

(e) Inventories

Inventories are stated at cost or net realizable value whichever is lower. Cost include purchase price, non-refundable taxes and delivery and handling cost and all costs incurred in bringing the inventory to its present location and condition. Cost of raw materials, process chemicals, stores and spares, packing material, and another inventory is determined on weighted average basis.

Finished goods stock is valued at cost or net realizable value whichever is lower. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

(f) Statement of Cash Flows

Standalone Statement of Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.



(g) Employee Benefits

I. Defined Contribution Plan

The company's contribution to defined contribution plan paid/payable for the year is charged to the Standalone Statement of Profit and loss.

II. Defined benefit plans

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(h) Foreign Currency transactions

The Company's financial statements are presented in INR, which is also the Company's Functional Currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates and recognized in the Statement of Profit and Loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(i) Taxes on Income

Income Tax Expense

Income tax expense represents the sum of current tax and deferred tax and includes any adjustments related to past periods in current and /or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant year. Current income tax is based on the taxable income and calculated using the applicable tax rates.

Deferred Tax

Deferred tax resulting from "timing differences" between taxable and accounting income that originate in one period and are capable of being reversed in one or more subsequent period is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets can be realized in future. However, where there is unabsorbed capital expenditure or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date.



(j) Revenue Recognition

The Company recognizes revenue when the same can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. Revenue is measured at the value of the consideration received or receivable, considering defined terms of payment and excluding taxes or duties collected on behalf of the government. Amounts disclosed as revenue are exclusive of GST and net of returns, trade allowances, rebates, discounts, and amounts collected on behalf of third parties.

i) Sale of goods

Sales are recognized when substantial risk and rewards of ownership are transferred to customer, in case of domestic customers, sales generally take place when goods are dispatched or delivery is handed over to the transporter. In case of export customers, sales generally take place when goods are shipped on-board based on bill of lading.

ii) Interest & Other Indirect Income

a) Interest income is recognized on time proportion basis considering the amount invested and rate of interest.

b) Revenue in respect of other claims is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(k) Leases

The company recognises the Right to Use for Assets taken on lease only if the Lease is of a long-term duration and the underlying value of Asset is substantial in terms of Ind AS 116 Leases.

(l) Provisions

A provision is recognized when the Company has a present obligation Legal or Constructive that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(m) Segment Reporting

The Company operates in Single segment of manufacturing of broad range of finished pharmaceutical formulations in a dosage form viz. Tablets, Capsules, Syrup, Dry Syrup, Injections etc. The product has the same risks and returns, which are predominantly governed by market conditions, namely demand and supply position. Thus, in the context of Ind AS 108 "Operating Segment", issued by the Institute of Chartered Accountants of India, there is only one identified reportable segment.

(n) Earnings per Share

Basic earnings per share are calculated by dividing the net profit/ loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.



For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of diluted potential equity shares, if any.

(o) Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are not disclosed in the Financial Statements.

(p) Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired, if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In accordance with Ind AS 109, the Company applies Expected Credit Loss model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- b) Other financial assets which are measured at amortised cost.

The Company follows simplified approach for recognition of impairment loss allowance on Trade receivables and other financial assets. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Non-Financial Assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.



(q) Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial recognition and measurement:

Financial assets are classified into the following categories upon initial recognition:

- (a) those measured at amortised cost
- (b) those to be measured subsequently at fair value through Statement of Profit & Loss.

The classification depends on the entity's business model for managing the financial assets and the terms of cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income as the case may be.

All financial assets are initially recognized at fair value. Transaction costs of acquisition of financial assets carried at fair value through profit and loss are expensed in the Statement of Profit and Loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured subsequently at amortized cost. Interest income from these financial assets is included in Other income as per interest received/receivable from Financial Institutions.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

Financial liabilities

Initial recognition and measurement:

All financial liabilities are recognized initially at fair value. The Company's financial liabilities majorly comprises trade and other payables.

Financial liabilities are classified as 'FVTPL' if they are held for trading or if they are designated as financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit and loss.

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



(r) Fair Value Measurement

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

(s) Investment in Subsidiary

The Company records the Investment in equity instrument of Subsidiary at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amounts are recognised in the standalone statement of profit and loss.

(t) Use of Judgment's, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:



(u) Defined benefit plans (Gratuity and Leave encashment benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation and Leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(v) Useful life of Property, plant and equipment

The Company reviews the useful life of Property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expenses in the future years.

**Note: All figures presented in INR in lacs, unless otherwise stated*

Note 1: Property, Plant and Equipment

(Rs. In Lacs)

Description of Assets	Gross Block (At Cost)				As at 31.03.2023	Accumulated Depreciation			Net Block		
	As at 01.04.2022	Additions during the year	Sale/ Deductions during the year	Reclassification		As at 01.04.2022	Dep on asset sold	For the year ended 31.03.2023	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Plant & Machinery	6660.73	2309.10	156.30	-	8813.53	1454.11	79.96	880.44	2254.59	6558.94	5206.61
Building	2281.05	154.97	-	379.28	2815.30	730.62	-	155.01	885.63	1929.67	1550.43
Furniture	325.51	319.87	-	-	645.39	128.83	-	106.36	235.19	410.19	196.68
Vehicles	802.53	316.15	194.25	-	924.43	495.84	89.73	112.90	519.01	405.42	306.69
Computer Equipment	304.23	74.93	-	-	379.16	239.45	-	56.89	296.34	82.82	64.78
Laboratory Equipment	1339.06	357.43	-	-	1696.49	417.77	-	147.86	565.63	1130.86	921.29
Office Equipment	41.03	3.25	-	-	44.28	27.68	-	5.70	33.38	10.90	13.35
Lift	48.35	5.81	-	-	54.16	23.53	-	4.94	28.48	25.68	24.82
Electric Fittings	146.03	17.03	-	-	163.06	74.85	-	21.77	96.62	66.44	71.18
Property	721.33	615.15	-	-	1336.49	-	-	-	-	1336.49	721.33
Total	12669.86	4173.70	350.55	379.28	16872.29	3592.69	169.70	1491.88	4914.87	11957.42	9077.17
Previous Year Figure	8079.22	4590.64	-	-	12669.86	2527.45	-	1064.41	3592.69	9077.17	5551.78

Note : 1

Property, Plant & Equipment

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
A. Closing Gross Block (other than Capital WIP) (Ai+Aii-Aiii+Aiv)	16872.29	12669.86
Ai) Opening Gross Block	12669.86	8079.22
Aii) Additions during the year	4173.70	4590.64
Aiii) Sales during the year	350.55	-
Aiv) Reclassification	379.28	-
B. Closing Accumulated Depreciation (Bi+Bii-Biii)	4914.87	3592.69



Annual Report 2022-23

Bi) Opening Accumulated Depreciation	3592.69	2527.45
Bii) Add: Depreciation charged during the Current year	1491.88	1064.41
Biii) Less: Depreciation on assets sold	169.70	-
Net Block (A-B)	11957.42	9077.17

Note : 2

Capital Work-in-Progress:

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Closing Gross Block (Capital Work-in-Progress) (Ai+Aii-Aiii)	1429.19	1214.85
Ai) Opening Gross Block	1214.85	289.42
Aii) Additions during the year	593.62	925.43
Aiii) Reclassification	- 379.28	-

➤ **Ageing Schedule of Capital Work-in-Progress:**

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	Less than 1 -2 years	More than 2 years	
Balances as at 31st March, 2023				
Building Work-in-Progress	593.62	835.57	-	1429.19
Building work temporarily suspended	-	-	-	-
Balances as at 31st March, 2022				
Building Work-in-Progress	925.43	289.42	-	1214.85
Building work temporarily suspended	-	-	-	-

Note : 3

Non-Current Investment

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Investment Property	-	-
(b) Investment in Equity Instruments -Kwality Pharmaceuticals Africa Limitada	354.78	354.78



Annual Report 2022-23

(c) Investment in Preference Shares	-	-
(d) Investment into Government Securities	-	-
(e) Investment in Debentures or Bonds	-	-
(f) Investments in Mutual Funds	-	-
(h) Other Financial Non-Current Investments	-	-
Total	354.78	354.78

Details of Subsidiary

Name of Subsidiary	Kwality Pharmaceuticals Africa Limitada
Principal Activity	Import Export and marketing of Pharmaceutical products of the company
Place of Incorporation	Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa
Principal Place of Business	Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa
Proportion of Ownership Interest/Voting rights held by the Company	51%

Note : 4

(Rs. in Lacs)

Other Non-Current Assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Capital Advances		
Secured, Considered Good	-	-
Unsecured, Considered Good	993.35	768.05
Doubtful	-	-
(b) Security Deposits		
Secured, Considered Good	77.82	42.75



Annual Report 2022-23

Good	Unsecured, Considered	-	-
	Doubtful	-	-
(c) Loans & Advances to Related Parties		-	-
(d) Other Loans & Advances			
	Secured, Considered Good	-	-
Good	Unsecured, Considered	-	-
	Doubtful	-	-
(e) Other Non-Current Investments			
	Gold Coins	2.88	2.88
	Gratuity Fund	90.29	75.33
Total		1164.35	889.02

Note: 5

Inventories

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Inventory (incl. packing material) (a+b+c-d)		
(a) Raw Material	5695.00	3079.35
(b) Finished Goods	1155.95	836.01
(c) Packing Material	2485.64	1420.66
(d) Less: Stock Written off during the period	705.12	-
Total	8631.47	5336.02

*Explanation to above note:

The Exceptional items includes write off of inventory amounting to Rs 705.12 Lacs. The Inventory is written off as raw material pertaining to Covid related drugs and formulations which were assessed as unusable due to obsolescence by the company and recommended to be disposed and written off. Though the assessment of inventory obsolescence, excess and unmarketability is an ordinary business activity but as the value of inventory written off is of such size and amount it is separately disclosed under the head exceptional items under the profit and loss account.



Note : 6

Trade receivables

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Secured, considered good	-	-
- Unsecured, considered good	3032.46	1878.81
- Doubtful	-	-
Trade receivables outstanding for a period not exceeding six months from the date they were due for payment		
- Secured, considered good	-	-
- Unsecured, considered good	4296.39	5191.76
- Doubtful	-	-
	7328.85	7070.57
Less: Provision for doubtful trade receivables	-	-
	7328.85	7070.57
Total	7328.85	7070.57

➤ **Trade Receivables Ageing Schedule for the year ending 31st March,2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- Considered Good	4296.39	498.84	1948.48	427.26	149.96	7320.93
Undisputed Trade Receivables- Considered	-	-	-	-	-	-



Annual Report 2022-23

Doubtful						
Disputed Trade Receivables- Considered Good	-	-	-	-	7.92	7.92
Disputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Total	4296.39	498.84	1948.48	427.26	157.88	7328.85

➤ Trade Receivables Ageing Schedule for the year ending 31st March,2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- Considered Good	5191.76	1158.46	359.99	326.19	-	7036.42
Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivables- Considered Good	-	-	-	34.15	-	34.15
Disputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Total	5191.76	1158.46	359.99	360.34	-	7070.57

Note : 7

Cash and cash equivalents

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Balances with Banks - In Current Accounts	145.08	641.76
(b) Cash in Hand	34.83	64.05
Total	179.90	705.81

Note : 8

Bank Balances other than Cash and cash equivalent:

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed Deposits with Banks	429.38	381.64
Total	429.38	381.64



Note : 9

Other Financial Current Assets

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
IGST refundable against export	689.62	880.11
Total	689.62	880.11

Note : 10

Short Term Loans & Advances

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advances to Suppliers	1000.62	2520.11
Advances to Staff	33.90	-
Total	1034.52	2520.11

Note : 11

Other Current Assets

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balances with Revenue Authorities	2196.98	5570.80
Security Deposits	261.60	256.73
Other Advances	-	9.98
Total	2458.57	5837.51

Note : 12

Share Capital

(Rs. in Lacs)

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	Value (Rs.)	Number of shares	Value (Rs.)
(a) Authorised Equity shares of Rs. 10 each with voting rights	16000000	1600.00	16000000	1600.00
	16000000	1600.00	16000000	1600.00
(b) Issued Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
	10376198	1037.62	10376198	1037.62
(c) Subscribed and fully paid up Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62



	10376198	1037.62	10376198	1037.62
Total	10376198	1037.62	10376198	1037.62

12a)

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2022			
- Number of shares	10376198	-	10376198
- Amount (Rs. in Lacs)	1037.62	-	1037.62
Year ended 31 March, 2023			
- Number of shares	10376198	-	10376198
- Amount (Rs. in Lacs)	1037.62	-	1037.62

12b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of the equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

12c)

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
1. RAMESH ARORA	3217494	31.01%	3202484	30.86%
2. AJAY ARORA	1410638	13.59%	1395628	13.45%
3. AKNM SUPPLIERS PVT. LTD. (FOMERLY KNOWN AS - RKK PORTFOLIO PRIVATE LIMITED)	851716	8.21%	1293070	12.46%
4. DEEPAK BANSAL	1094078	10.54%	1093878	10.54%



5. ADITYA ARORA	711962	6.86%	684932	6.60%
	7285888	70.22%	7669992	73.91%

12d)

Detail of Shareholding by Promoters:

Promoter's Name	Shares held by Promoter at the end of the year				% of change during the year
	As at 31 March, 2023		As at 31 March, 2022		
	Number of shares held	% of holding in shares	Number of shares held	% of holding in shares	
1. RAMESH ARORA	3217494	31.01%	3202484	30.86%	0.47%
2. AJAY ARORA	1410638	13.59%	1395628	13.45%	1.08%

Note : 13

Other Equity

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Securities premium account		
Opening balance	846.77	846.77
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	846.77	846.77
(b) Retained Earnings		
Opening balance	16291.05	4278.39
Add: Profit / (Loss) for the year	1946.88	12004.66
Add: Other Comprehensive income for the period	-32.57	-35.32
Add: Transition adjustments during the year	32.78	43.32
Closing balance	18238.14	16291.05
(c) Investment Allowance Reserve	-	.21
(d) Revaluation Reserve	80.00	80.00
	80.00	80.21
Total	19164.90	17218.03



Note: Reserves has been reclassified to comply with Presentation of Financial Statement as applicable
IND AS prescribed.

Note : 14

Long-term borrowings

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Term loans		
From banks	2718.58	1955.89
From other parties	-	2.94
	2718.58	1958.83
(b) Loans and advances from related parties		
Unsecured	11.70	70.00
	11.70	70.00
(c) Other loans and advances (specify nature)		
Secured	-	-
Unsecured	-	-
Total	2730.28	2028.83

Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Secured	Unsecured	Secured	Unsecured
Term loans from banks:				
Car/term loans	3918.93		3027.76	
Less : Current maturities	-1200.35		-1071.87	
Total - Term loans from banks	2718.58		1955.89	
Term loans from other parties:				
		-	2.94	-
Total - Term loans from other parties		-	2.94	-
Loans and advances from related parties:		11.70		70.00
Total - Loans and advances from related parties		11.70		70.00



Unsecured Loans & Advances from related Parties

Particulars	Relation	As at 31 March, 2023	As at 31 March, 2022
Loan from Mr. Ramesh Arora	Managing Director	11.70	70.00
		11.70	70.00

Terms of Borrowings:

The natures of security along with terms of repayment are as per details given below:

Sr No.	Nature of Security	Terms of Repayment
1	BMW 6 SERIES (HDFC BANK LTD.)	The loan is repayable in 60 instalments of Rs. 1,38,932/- each starting from December 2018. Amount outstanding as on 31/03/2023 is Rs. 10,76,042.87/-
2	BMW X3 (HDFC BANK LTD.)	The loan is repayable in 60 instalments of Rs. 1,07,926/- each starting from February 2019. Amount outstanding as on 31/03/2023 is Rs. 1009039.51 /-
3	Hyundai Creta Car (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 46,468/- each starting from October 2020. Amount outstanding as on 31/03/2023 is Rs. 3,60,969.70/-
4	Toyota Fortuner (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 1,00,930/- each starting from March 2021. Amount outstanding as on 31/03/2023 is Rs. 1441805.67/-
5	Toyota Innova (HDFC BANK LTD.)	The loan is repayable in 36 instalments of Rs. 55,991/- each starting from February 2021. Amount outstanding as on 31/03/2023 is Rs. 6,45,376.48/-
6	BBG-WC Term Loan- GECL (HDFC BANK LTD.)	The loan is repayable in 36 instalments of Rs. 1739286/- each starting from October 2021. Loan started from October 2020 with principal Moratorium for 12 Months. Amount Financed is Rs. 553.00 Lakhs. Amount outstanding as on 31/03/2023 is Rs. 2,95,11,899.00/-
7	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 61 instalments of Rs. 8,93,845/- each starting from June 2018. Amount outstanding as on 31/03/2023 is Rs. 17,36,527.20/-
8	HDFC TERM LOAN	The loan is repayable in 59 instalments of Rs. 8,93,845/- each starting from June 2019. Amount outstanding as on 31/03/2023 is Rs. 10136209.07 /-
9	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 59 instalments of Rs. 1753352/- each starting from September 2020. Amount outstanding as on 31/03/2023 is Rs. 4,47,65,067.71/-
10	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 61 instalments of Rs. 40,13,862/- each starting from June 2021. Amount outstanding as on



		31/03/2023 is Rs. 138844418.2/-
11	WC TERM LOANS-GECL (HDFC BANK LTD.)	The loan is repayable in 48 instalments of Rs. 2717/- each starting from February 2022. Amount outstanding as on 31/03/2023 is Rs. 82,260.00 /-
12	RANGE ROVER (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 229703/- each starting from August 2021. Amount outstanding as on 31/03/2023 is Rs. 41,16,494.56/-
13	TATA Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November 2021. Amount outstanding as on 31/03/2023 is Rs. 9,36,553.80/-
14	Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 36753/- each starting from September 2021. Amount outstanding as on 31/03/2023 is Rs. 9,44,181.23/-
15	Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November 2021. Amount outstanding as on 31/03/2023 is Rs. 936553.8/-
16	HDFC Cash Credit Limit	Limit sanctioned Rs 2169.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs. 2,118.00 Lakhs
17	HDFC PCL Limit	Limit sanctioned Rs. 2719.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs. 2117.99 Lakhs
18	AXIS Bank Cash Credit Limit	Limit sanctioned Rs 500.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs 504.76 Lakhs
19	HDFC GECL Term Loan	The Loan raised for Rs. 2,76,00,000/- started from May 2022 with Principal Moratorium during the year. The Loan repayable in 5 years. The Amount outstanding as on 31/03/2023 is Rs. 2,76,00,000/-
20	HDFC BMW Term Loan	The loan is repayable in 60 instalments of Rs. 236935/- each starting from July 2022. The Amount financed is Rs. 11,79,00,000. Amount outstanding as on 31/03/2023 is Rs. 1,04,04,438.13/-
21	HDFC Term Loan	The loan is repayable in 64 instalments of Rs. 798358/- each starting from August 2022. The Amount financed is of Rs. 39539396. Amount outstanding as on 31/03/2023 is Rs. 3,58,22,556.31/-
22	HDFC Term Loan	The loan is repayable in 63 instalments of Rs.14,26,667/- each starting from November 2022. The Amount financed is Rs. 7,31,91,277/- . Amount outstanding as on 31/03/2023 is Rs. 7,11,15,861.47/-
23	HDFC Honda Car Term Loan	The loan is repayable in 60 instalments of Rs.19467/- each starting from February 2023. The Amount financed is Rs. 9,39,998/- . Amount outstanding as on 31/03/2023 is Rs. 9,14,913.90/-
24	HDFC Creta Car Term Loan	The loan is repayable in 39 months by instalments of Rs.29863/- each starting from February 2023. The Amount financed is Rs. 10,10,531/- . Amount outstanding as on 31/03/2023 is Rs. 965376.45/-
25	HDFC Mercedes Benz Term Loan	The loan is repayable in 39 instalments of Rs.196798/- each starting from March 2023. The Amount financed is Rs.



		66,85,680/- . Amount outstanding as on 31/03/2023 is Rs. 66,85,680/-
26	ICICI EPC Limit	Limit sanctioned is Rs. 500 lacs. Outstanding Balance as on 31/03/2023 is Rs. 355 lacs.
27	Truck loan (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 36753/- each starting from September 2021. Amount outstanding as on 31/03/2023 is Rs. 9,44,181.23/-
28	HDFC Ertiga Car Loan	The loan is repayable in 39 instalments of Rs.28456/- each starting from January 2023. The Amount financed is Rs. 960523/- . Amount outstanding as on 31/03/2023 is Rs. 896154.43/-

Vehicle Loans are secured by hypothecation of vehicles in favor of the Bank. Similarly, machinery term loans are secured by hypothecation of machinery in favor of the Bank.

Cash Credit, Term Loan, Pre-shipment, Post Shipment, FLC, PSL, PCFC and BG are secured by hypothecation of all types of stocks and other material at factory/godown or at other places as approved by the bank from time to time including goods in transit and receivables, i.e. stock and book debts; hypothecation of plant and machinery and FDR margin.

All the Loans and Advances from the bank, including Working Capital limits and other credit facilities from the Bank are collaterally secured by equitable mortgage of the following properties:

- i) Industrial Property bearing killa no. 152/5 (6-17), 152 (8-0), Khewat Khatoni No. 368/435, 581/761, Rakba 14K, 17M situated at Nag Kalan Amritsar, owned by Mr. Ramesh Arora and Mr. Ajay Arora, directors of the Company
- ii) Industrial Property at Wakia 6 Mile Stone Village Nag Kalan, Majitha Road, Amritsar -143001 owned by the Company.
- iii) Industrial Property at Plot No. 1A, Raja Ka Bagh, Kangra, Himachal Pradesh on long term lease from government of Himachal Pradesh.
- iv) Industrial property situated at Hadbast No. 334 , Situated at Rakba Village Nag-2, Tehsil Majitha , Near kwality pharmaceuticals , Amritsar , Punjab, 143601.

Note : 15

Deferred Tax Liability (Net)

(Rs. in Lacs)

	As at 31 March,2023	As at 31 March,2022
Deferred tax Liability/Assets		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets, as restated with respect to previous years	27.46	-3.76
Less: Written off during the year in tax relating to earlier years	-	-3.76
Current Year Adjustment of deferred Tax Asset	13.66	27.46
Net deferred tax liability / (asset)	41.12	27.46



Note : 16

Long-term provisions

(Rs. in Lacs)

Particulars	As at 31 March,2023	As at 31 March,2022
Long Term Gratuity	90.29	75.33
Total	90.29	75.33

Note : 17

Short-term borrowings

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Loans repayable on demand		
From banks		
Secured	6296.10	3372.30
Unsecured	-	-
From Other Parties		
Secured	-	-
Unsecured	-	-
(b) Loans and Advances from Related Parties	-	-
Total	6296.10	3372.30

(i) Details of security for the secured short-term borrowings: Cash Credit, Pre-shipment, Post Shipment, FLC, PSL, PCFC and BG are secured by hypothecation of all types of stocks and other material at factory/godown or at other places as approved by the bank from time to time including goods in transit and receivables, i.e. stock and book debts; hypothecation of plant and machinery and FDR margin and collaterally secured by equitable mortgage of the properties mentioned in note no. 14.

(ii) Details of Short-term borrowings

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Working Capital Limits	5095.75	2300.43
Term Loans (with current maturities)	1200.35	1071.87
Total	6296.10	3372.30

**Note : 19****Other Financial current liabilities****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Security Deposits	4.50	4.50
(b) Interest accrued but not due on Borrowings	23.27	13.93
(c) Income received in Advance	-	-
(d) Statutory Dues	61.57	41.82
(e) Others	187.98	193.37
Total	277.32	253.62

Note : 20**Short loans & Advances - Current Liabilities****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advances from Customers	1852.81	1784.87
Current Maturities of Long Term Advances	-	918.04
Total	1852.81	2702.91

Note : 21**Current Tax provisions****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision -others (Current Tax Expense)	648.36	4100.00
Total	648.36	4100.00

Note : 18**Trade payables****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Trade payables		
- Payable to MSME	1835.82	1576.24
- Payable to Others	1683.42	1875.23
Total	3519.24	3451.47



Trade Payables Ageing Schedule for the year ending 31st March,2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1822.11	4.76	8.95	-	1835.82
Others	1639.80	26.20	17.42	-	1683.42
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Total	3461.91	30.96	26.37	-	3519.24

Trade Payables Ageing Schedule for the year ending 31st March,2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1556.37	19.87	-	-	1576.24
Others	1678.44	180.88	15.53	0.38	1875.23
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Total	3234.81	200.75	15.53	0.38	3451.47

Note : 22

Revenue from operations

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Export Turnover	11976.85	29972.32
Domestic Turnover	13122.62	15640.84
Total	25099.47	45613.16

**Note : 23****Other Income**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Interest on FDR	12.30	12.28
Duty Drawback	148.47	167.66
Other Income	.85	5.03
Profit/Loss on Sale of Asset	5.42	-
Rate Diff on Purchase	.53	-
Foreign Exchange Fluctuation	126.55	166.22
Total	294.12	351.19

Note : 24**Cost of materials consumed**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening Stock		
-Raw Material	3079.35	787.65
-Packing Material of Pharma products	1420.66	363.66
Add: Purchase		
-Raw Material	9875.48	16344.99
-Packing Material of Pharma products	5127.55	6934.56
Less: Closing Stock		
-Raw Material	5695.00	3079.35
-Packing Material of Pharma products	2485.64	1420.66
Total	11322.40	19930.85

Note : 25**Purchase Of Stock-In-Trade**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Finished goods	4.25	380.38
Total	4.25	380.38



Note : 26
Changes In Inventory Of Finished Goods, Work In Progress And Stock In Trade

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening Stock		
-finished goods	836.01	585.13
Less: Closing Stock		
-finished goods	1155.95	836.01
Total	-319.94	-250.87

Note : 27
Employee benefits expense

(Rs. in Lacs)

Particulars	As at 31st March, 2023	As at 31 March, 2022
Salaries and wages	2554.81	1660.31
Directors Remuneration	180.00	135.00
Contributions to provident and other funds	119.59	98.22
Staff welfare expenses (Food-lodging & medical)	135.35	115.15
Total	2989.75	2008.68

Note : 28
Finance costs

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Bank interest and other expenses	577.33	244.24
Interest Accrued but not due on borrowings	23.27	13.93
Interest & financial charges on vehicle & other loans	1.43	33.55
Total	602.04	291.73



Note : 29

Other expenses

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Administrative Expense	349.66	185.30
Auditor's Remuneration:		
- As Auditors	8.00	5.00
- For other services	-	-
Communication Expense	12.19	10.91
Advertisement & Publicity Expense	16.69	12.49
Other Expense	34.34	39.70
Fees and Taxes	213.42	79.01
Distribution Expenses	1198.60	2756.15
Power, Fuel & Electricity	1296.33	1105.83
Legal and Professional Charges	218.25	117.64
Repair and Maintenance	351.26	452.12
Carriage Inward Expense	11.66	5.01
Testing and Laboratory Charges	504.13	501.80
Bank Charges	58.72	.00
Corporate Social Responsibility	82.69	22.93
Factory Expense	431.59	452.16
Hotel and Accommodation Expense	26.70	9.78
House Keeping Expense	54.89	-
Insurance	102.79	31.34
Travelling Expense	47.51	23.69
Commission Expense	51.06	558.12
Director's Sitting Fees	3.66	2.72
Total	5074.14	6371.69

30. CONTINGENT LIABILITIES AND PENDING LITIGATIONS

➤ **CONTINGENT LIABILITIES**

(Rs. in Lacs)

Particulars	As at 31st March 2023	As at 31st March 2022
a) Corporate Guarantee given on behalf of related parties	Nil	Nil
b) Guarantees given by bankers against Government tenders	Nil	4.91
Pending Litigations:		
i) VAT Department, lucknow	50.82	-

**➤ PENDING LITIGATIONS**

The Company has certain other pending litigations against it with respect to marketing and quality of its products. The litigations are pending in various forums. As per management representation, the financial impact of these litigations cannot be ascertained.

31. EARNINGS PER SHARE

The following reflects the income and share data used in the Basic and Diluted EPS computation:

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Profit for the year attributable to equity holders for Basic and Diluted Earnings (Rs. in Lacs)	1914.31	11969.34
Number of equity shares for Basic/ Diluted EPS	10376198	10376198
Earnings per share - Basic/ Diluted (in Rs.) (face value of Rs. 10 per share)	18.45	115.36

32. According to the information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to micro and small enterprises under the said Act as at 31st March, 2023 as follows:

(Rs. in Lacs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Principal Amount that has been unpaid to any supplier as at the period end	1835.82	1576.24
Interest due on above	-	-
Amount of interest paid in terms of Section 16 of the MSME Act, 2006	-	-
Amount of interest due and payable for the period of delay	-	-
Amount of interest accrued and remaining unpaid as at year end	-	-
Amount of further interest remaining due and payable in the succeeding year	-	-

33. The Exceptional items includes write off of inventory amounting to Rs 705.12 Lacs and write off of Input Tax credit of Goods and services Tax Rs 947.82 Lacs. The company is carrying forward GST Input Tax Credit under the current assets as utilizable asset for payment of output GST Liabilities. The



Annual Report 2022-23

accumulated balance under input tax credit is rising every year even after utilization and refunds. So the company has assessed the prospects for utilization of availed Input Tax Credit based on its utilization requirement and also based on compliance record of purchase vendors under the Goods and Services Tax Act and has decided to write off the ITC to the extent of 947.82 Lacs.

34. FOREIGN EXCHANGE EXPOSURE:

The Company has booked Rs. 126.55 lacs (Previous year Rs. 166.22 lacs) in Statement of Profit & Loss on account of foreign currency exchange rate change.

Foreign currency exposures which are not hedged as at the Balance Sheet date:

Particulars	As at 31 st March 2023		As at 31 st March 2022	
	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)
i) Trade Payables	0.57	46.72	0.44	33.25
ii) Trade receivables	48.67	3977.38	80.21	6039.44

35. RATIOS:

(Rs. in Lacs)

Particulars	Current Year 31 st March 2023			Previous Year 31 st March 2022			Variation (in%)	Reasons for variation
	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio		
Current Ratio	20752.32	12593.84	1.65	22731.77	13880.31	1.64	0.62%	The ratio has not been effected to a major extent.
Debt Equity	9026.38	20202.52	0.45	5401.13	18255.65	0.30	51.02%	The Total Debt of the Company has incurred during the year.
Debt Service Coverage Ratio	4831.11	1620.84	2.98	16459.21	1526.05	10.79	-72.36%	The variation is due to decrease in profit margins and turnover as compared to previous year
Return on Equity	1946.88	20202.52	9.64%	12004.66	18255.65	65.76%	-85.35%	The variation is due to decrease in profit margins and turnover as compared to previous year
Inventory Turnover ratio	25099.47	6983.74	3.59	45613.16	3536.24	12.90	-72.14%	The variation is due to decrease in turnover while increase in Inventory holding levels.
Trade Receivables Turnover ratio	25099.47	7199.71	3.49	45613.16	5424.07	8.41	-58.54%	The variation is due to decrease in turnover while increase in trade receivables.



Annual Report 2022-23

Trade Payables Turnover Ratio	11006.72	3485.36	3.16	20060.36	3036.48	6.61	-52.20%	The variation is due to decrease in consumption in pursuance to decrease in turnover while increase in payables.
Working Capital turnover Ratio	25099.47	8158.48	3.08	45613.16	8851.46	5.15	-40.30%	The variation is due to substantial decrease in turnover as compared to decrease in working capital.
Net Profit Ratio	1946.88	25099.47	7.76%	12004.66	45613.16	26.32%	-70.53%	The variation is due to decrease in profit and turnover as compared to previous year.
Return on Capital Employed	4831.11	22932.80	21.07%	16459.21	20284.48	81.14%	-74.04%	The variation is due to decrease in profits and turnover as compared to previous year.
Return on Investment (EBIT/Capital Invested)*100	4831.11	22932.80	21.07%	16459.21	20284.48	81.14%	-74.04%	The variation is due to decrease in profits and turnover as compared to previous year.

*The previous year's figures have been regrouped wherever necessary to make it comparable with the current year.

36. FAIR VALUE DISCLOSURES:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

The categories used are as follows:

- **Level 1:** This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price.;
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

The carrying value of financial assets/ liabilities by categories are as follows:

Particulars	Notes	Amortized Cost (Rs. in Lacs)	
		As at 31 st March 2023	As at 31 st March 2022
Financial Assets			
a) Trade Receivables	6	7328.85	7070.57



b) Cash and Bank Balances	7	179.90	705.81
c) Bank Balances other than above	8	429.38	381.64
d) Other financial current assets	9	689.62	880.11

Particulars	Notes	Amortized Cost (Rs. in Lacs)	
		As at 31 st March 2023	As at 31 st March 2022
Financial Liabilities			
a) Short term Borrowings	17	6296.10	3372.30
b) Trade Payables	18	3519.24	3451.47
c) Other Financial Current Liabilities	19	277.32	253.62

The carrying value of all the financials assets and financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and liabilities have not been disclosed separately.

36.1. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, cash and cash equivalents, and financial assets measured at amortised cost.

A. Trade Receivables:

Trade receivables of the Company are generally unsecured. The Company performs ongoing credit evaluations of its customers' financial conditions and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business through internal evaluation. The allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables. The Company has no concentration of credit risk as the customer base is geographically distributed in India.

B. Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

C. Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously and is based on the credit worthiness of those parties.

**Provision for expected credit losses****a) Expected credit losses for financial assets other than trade receivables**

The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

b) Expected credit loss for trade receivables under simplified approach

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analyzing historical trend of default and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Based on such simplified approach, no allowance has been recognised

36.2. Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Company manages its liquidity risk by maintaining sufficient working capital.

Particulars	31 st March 2023	31 st March 2022
Current Ratio	1.65	1.62
Liquid Ratio	0.96	1.25

36.3. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company is not exposed to other price risk whereas the exposure to currency risk is given as under:

a) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies.

b) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Relevant reports are submitted to Board of Directors on the



unhedged foreign currency exposures. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at 31 st March 2023		As at 31 st March 2022	
	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)
i) Trade Payables	0.57	46.72	0.44	33.25
ii) Trade receivables	48.67	3977.38	80.21	6039.44

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

The Company operates a gratuity plan covering qualifying employees. Under the gratuity plan, the eligible employees are entitled to post retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 58, subject to a payment ceiling of Rs. 20 lakhs. The benefit vests upon completion of five years of continuous service as per "The Payment of Gratuity Act" and once vested it is payable to the employee on retirement or on termination of employment. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Gratuity is defined benefit plan and Company is exposed to following Risks:

Interest Rate Risk:

A fall in the discount rate which is linked to the Government Securities Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the market value of the assets depending on the duration of asset.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Mortality Risk:

Since the benefits under the plan is not payable for the life time and payable till retirement age only, plan does not have any longevity risk.

The Valuation of the Gratuity has been made on the following assumptions:



Membership Data	
Number of Members	139
Average age	38.95
Average Monthly Salary	8493.83
Average Past Service	9.17
Valuation Method: Projected Unit Credit Method	
Actuarial Assumptions	
Mortality Rate	LIC (2006-2008) ultimate
Withdrawal Rate	1% to 3% depending on the age
Discount Rate	7.25% p.a.
Salary Escalation	8%

It is required to note that actuarial gains or loss on obligations

- i) Due to change in Financial Assumptions
- ii) Due to change in Demographic assumptions
- iii) Due to experience

is recognized as items that cannot be reclassified to Profit and Loss account under Other Comprehensive Income as Remeasurement of Defined Term Benefit Plan.

38. Related Party Disclosures:

Name of the related parties and description of their relationship are as under:

Name of the Related Party	Relationship
Mr. Ramesh Arora	Managing Director
Mr. Ajay Kumar Arora	Whole Time Director
Mr. Aditya Arora	Whole Time Director
Mrs. Geeta Arora	Whole Time Director
Mrs. Anju Arora	Whole Time Director
Mrs. Kanika Arora	Relative of Director
Mrs. Aastha Seth	Relative of Director
Mrs. Geetika Arora	Relative of Director
Mr. Kiran Kumar Verma	Independent Director
Mr. Pankaj Takkar	Independent Director
Mr. Ravi Shanker Singh	Independent Director
Mr. Kartik Kapur	Independent Director
Mr. Prashanth Vellanki	Independent Director
Kwality Pharmaceuticals Africa Limitada	Subsidiary



38.a. Transactions with Related Parties

Nature of Transactions	Amount (Rs. in Lacs)	
	31 st March 2023	31 st March 2022
Remuneration		
i) Mr. Ramesh Arora	51.00	39.00
ii) Mr. Ajay Kumar Arora	51.00	39.00
iii) Mr. Aditya Arora	36.00	27.00
iv) Mrs. Anju Arora	21.00	15.00
v) Mrs. Geeta Arora	21.00	15.00
vi) Mrs. Kanika Arora	3.00	3.00
vii) Mrs. Aastha Seth	4.20	4.20
viii) Mrs. Geetika Arora	6.00	6.00
Director Sitting Fees		
i) Mr. Kiran Kumar Verma	1.75	1.21
ii) Mr. Pankaj Takkar	1.39	1.30
iii) Mr. Ravi Shanker Singh	0.27	0.20
iv) Mr. Kartik Kapur	0.25	0.02
Rent		
i) Mr. Ramesh Arora	1.08	1.08
ii) Mr. Ajay Kumar Arora	1.08	1.08
Sale of Product to Subsidiary		
Kwality Pharmaceuticals Africa Limitada	15.76	10.81
Loan Repayments to Related Parties		
Mr. Ramesh Arora	58.30	130.00

38.b. Balances with Related Parties

Nature of Balances	Amount (Rs. in Lacs)	
	31 st March 2023	31 st March 2022
Loan from Related Parties		
Mr. Ramesh Arora	11.70	70.00
Balance with Subsidiary		
Kwality Pharmaceuticals Africa Limitada	354.78	354.78

39. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III OF COMPANIES ACT, 2013:



39.a. The Company has complied with the number of layers prescribed under the Companies Act, 2013.

39.b. Utilisation of Borrowed funds: The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

39.c. Details of Benami Property held - No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

39.d. Wilful Defaulter - The company is not declared wilful defaulter by any bank or financial Institution or other lender during the year.

39.e. Registration of charges or satisfaction with Registrar of Companies - During the year, the company has complied with the requirements for registration of charges on the assets of the Company with the Registrar of Companies.

39. f.

(Amounts in Rupees Lacs)

CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE	31 March 2023	31 March 2022
(a) Amount required to be spent by the Company during the year	129.74	29.22
(b) Amount of expenditure incurred on		
(i) construction/acquisition of any asset	-	-
(ii) on purpose other than (i) above	**83.37	*29.90
(c) (Shortfall)/ excess at the end of year	(46.37)	0.68
(d) Total of previous years (shortfall)/excess	0.68	6.97
(e) Reason for shortfall	Spending towards ongoing projects	N.A
(f) Nature of CSR activities	***	***
(g) Details of related party transactions in relation to CSR expenditure	NIL	NIL
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-

* including set off of FY 2020-21 ** including set off of FY 2021-22

*** Promoting Education & Healthcare, Eradication of Hunger & Poverty, Special education and enhancing skills among differently abled children Donation for Covid Relief and Promoting Education of Poor Children.

39.g. There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

39.h. The Company does not have any transactions with struck-off companies.

39.i. The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.



Annual Report 2022-23

39.j. The previous year's figures have been regrouped wherever necessary to make it comparable with the current year.

For ARORA AGGARWAL & CO.

Chartered Accountants

(Firm Registration No. 021086N)

Sd/-

Gaurav Aggarwal

Partner

Membership Number: 098347

UDIN: 23098347BGTUVC8242

Place: Amritsar

Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-

Ramesh Arora

Managing Director

DIN: 00462656

Sd/-

Gurpreet Kaur

Company Secretary

Sd/-

Ajay Kumar Arora

Whole Time Director

DIN: 00462664

Sd/-

Aditya Arora

Whole Time Director & CFO

DIN:07320410



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF KWALITY PHARMACEUTICALS LIMITED

To
The Members of
Kwaliti Pharmaceuicals Limited.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KWALITY PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its foreign subsidiary (the Holding Company and its foreign subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at **31st March, 2023**, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Statement of changes in equity and the Consolidated Cash Flow Statement for the year then ended, notes to Consolidated Financial Statement summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration on information of the subsidiary as referred to in the "Other Matters" paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Information Other Than The Financial Statements And Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report and Shareholder's Information but does not include the Consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the 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 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern



basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- a) Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



e) Evaluate the overall presentation, structure, and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of the holding Company of which we are the independent auditors. For the other entity included in the Consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision, and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of the foreign subsidiary, **KWALITY PHARMACEUTICALS AFRICA LIMITADA**, whose financial statements reflect total assets of **Rs. 219.31 lacs** as at March 31, 2023 (P.Y. Rs. 303.87 lacs), total revenues of **Rs. 19.29 lacs** (P.Y. Rs. 16.17 lacs), Net loss amounts to **Rs. 18.89 Lacs** (P.Y. Loss 10.81 lacs) and net cash outflow amounting to **Rs. 80.60 lacs** (P.Y. cash inflow 140.10) for the year ended on that date, as considered in the consolidated financial statements. The unaudited Financial Results on financial statements/Financial Results/financial information of these entities have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on such unaudited Financial Results. In our Opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the group.



Our opinion on the Consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the written representations and explanations given by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Group as on March 31, 2023 taken on record by the Board of Directors of the respective companies, none of the directors of the Group is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Group has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements in notes to the Consolidated financial statements.



(ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) The group is not required to transfer any amount to the Investor Education and Protection Fund.

(iv) a) The respective Managements of the Company and its subsidiary, Holding Company's financial statements have been audited under the Act, has represented to us that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The respective Managements of the Company(incorporated in India) and its subsidiary, Holding Company's financial statements have been audited under the Act, has represented to us, that, to the best of their knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries and

c) Based on such audit procedures that the we have considered reasonable and appropriate in the circumstances on the Company(incorporated in India) and its subsidiary, Holding Company's financial statements have been audited under the Act, nothing has come to their notice that has caused them to believe that the representations made to us under sub-clause (a) and (b) above, contain any material mis-statements.

v.) The Company has neither declared nor paid any dividend during the year.

vi.) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Holding Company, we report that there are no qualifications or adverse remarks in the CARO report.

For ARORA AGGARWAL & CO.

Chartered Accountants

(Firm's Registration No. 021086N)

Sd/-

CA Gaurav Aggarwal

(Partner)

Place:-Amritsar

Membership No. 098347

UDIN: 23098347BGTUVA8354

Place: Amritsar

Date: 27-05-2023



“Annexure- A” to the Auditors’ Report

(Referred to in point 1(f) under “Report on other legal and regulatory requirements” of our audit report of even date)

Report on the Internal Financial Controls under Clause (i) of Subsection 3, of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Control over financial reporting of **KWALITY PHARMACEUTICALS LIMITED** (“the Holding Company”) as of **31st March, 2023** in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiary company incorporated outside India as of that date, of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial control over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”), and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial



reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls over Financial reporting with reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance, with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflected transaction and dispositions of the assets of the company;
- (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of the financial statement in accordance with generally accepted accounting principles, and receipts and the expenditure of the company are being made only in accordance with authorization of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have material effect on financial statements.

Inherent limitation of internal financial control over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Opinion

In our opinion, the holding company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial control financial reporting were operating effectively as at 31 March,2023 based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over financial reporting issued by the ICAI.

**For ARORA AGGARWAL & CO.
Chartered Accountants
(Firm's Registration No. 021086N)**

**Sd/-
CA Gaurav Aggarwal
Partner
Membership No. 098347
UDIN: 23098347BGTUVA8354**

**Place: Amritsar
Date: 27-05-2023**



KWALITY PHARMACEUTICALS LIMITED

Regd. Office.:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601

CIN :- L24232PB1983PLC005426; Phone no. :- 8558820862

Email Id:- ramesh@kwalitiypharma.com; Website :- www.kwalitiypharma.com

Consolidated Balance Sheet as at 31 March, 2023

(Rs. in Lakhs)

Particulars		Note No.	As at 31 March 2023 (Audited)	As at 31 March, 2022 (Audited)
A	ASSETS			
1	Non-current assets			
	(a) Property Plant and Equipment	1	12049.67	9173.38
	(b) Capital work-in-progress	2	1429.19	1214.85
	(c) Deferred tax Assets		-	-
			13478.86	10388.23
	(d) Financial Assets:			
	(i) Investments	3	-	-
	(e) Other non-current assets	4	1164.35	889.02
	Total Non-current Assets (A)		14643.21	11277.25
2	Current assets			
	(a) Inventories	5	8631.47	5336.02
	(b) Financial Assets:			
	(i) Trade receivables	6	7169.43	6913.05
	(ii) Cash and Bank Balances	7	306.96	913.46
	(iii) Bank Balances other than (ii) above	8	429.38	381.64
	(iv) other financial current assets	9	689.62	880.11
	(c) Short term loans and advances	10	1034.52	2520.11
	(d) Other current assets	11	2458.57	5837.51
	Total Current Assets (B)		20719.95	22781.90
	TOTAL ASSETS (A+B)		35363.17	34059.15
B	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	12	1037.62	1037.62
	(b) Other Equity	13	19014.03	17076.79
	(c) Non Controlling Interests		-144.74	-135.49
	Total Shareholder's Funds (A)		19906.91	17978.92

**Annual Report 2022-23**

2 Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	14	2730.28	2028.83
(b) Deferred tax liabilities (net)	15	41.12	27.46
(c) Long-term provisions	16	90.29	75.33
Total Non-current liabilities (B)		2861.69	2131.62
3 Current liabilities			
(a) Financial Liabilities			
(i) Short-term borrowings	17	6296.10	3372.30
(ii) Trade payables	18		
-Total outstanding dues of micro enterprises and small enterprises		1835.82	1576.24
-Total outstanding dues of other than micro enterprises and small enterprises		1683.42	1875.24
(iii) Other Financial current liabilities	19	278.05	253.71
(b) Short Term Loans and Advances	20	1852.81	2771.12
(c) Current Tax provisions	21	648.36	4100.00
Total Current liabilities (C)		12594.57	13948.61
TOTAL EQUITY AND LIABILITIES (A+B+C)		35363.17	34059.15

The accompanying notes forming part of the financial statements
As per our report of even date attached

For ARORA AGGARWAL & CO

Chartered Accountants

(Firms Registration No.021086N)

Sd/-

CA Gaurav Aggarwal

(Partner)

Membership No. 098347

UDIN:23098347BGTUVA8354

Place: Amritsar

Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-

Ramesh Arora

Managing Director

DIN:00462656

Sd/-

Ajay Kumar Arora

Whole Time Director

DIN: 00462664

Sd/-

Gurpreet Kaur

Company Secretary

Sd/-

Aditya Arora

Whole Time Director & CFO

DIN: 07320410



Annual Report 2022-23

KWALITY PHARMACEUTICALS LIMITED

Regd. Office.:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601

CIN No. :- L24232PB1983PLC005426; Phone no. :- 8558820862

Email Id:- ramesh@kwalitypharma.com; Website :- www.kwalitypharma.com

Consolidated Statement of Profit and Loss for the year ended 31st March, 2023**(Rs. in lakhs) except EPS**

Sr. No.	Particulars		Year Ended 31.03.2023 (Audited)	Year Ended 31.03.2022 (Audited)
I.	Revenue from operations (Net)	22	25103.00	45618.52
II.	Other income	23	294.12	351.19
III.	Total Revenue (I+II)		25397.13	45969.71
IV.	Expenses			
	(a) Cost of materials consumed	24	11322.40	19930.85
	(b) Purchases of stock-in-trade	25	4.25	380.38
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	-319.94	-250.87
	(d) Employee benefits expense	27	2995.93	2015.12
	(e) Finance Cost	28	602.04	291.73
	(f) Depreciation and amortisation expense	11	1495.84	1069.07
	(g) Other expenses	29	5086.42	6376.74
	Total expenses (IV)		21186.95	29813.03
V.	Profit before share of profit of equity accounted investees, exceptional items and tax (III-IV)		4210.18	16156.68
VI.	Share of profit/(loss) of equity accounted investees (net of income tax)		.00	.00
VII.	Profit before exceptional items and tax (VI+VII)		4210.18	16156.68
VIII.	Exceptional items		1652.94	.00
IX.	Profit / (Loss) before Tax (VII-VIII)		2557.24	16156.68



Annual Report 2022-23

X.	Tax expense:			
	(1) Current tax		648.36	4100.00
	(2) Deferred tax		13.66	27.46
	(3) Income tax relating to earlier years		-32.77	35.37
	(4) MAT Credit (Entitlement)/Utilised		.00	.00
XI.	Profit/(Loss) after Tax (VII-VIII)		1927.99	11993.85
XII.	Other Comprehensive Income			
	(i) Items that will not be reclassified subsequently to profit or loss			
	a) Remeasurement of defined benefit plans(net Tax)		-32.57	-35.32
	(ii) Items that will be reclassified subsequently to profit or loss		.00	.00
	Exchange differences in translating financial statements of foreign operations		-11.36	-13.92
	Total Other Comprehensive Income(net of tax)		-43.93	-49.24
	Total comprehensive income for the period(XI+XII)		1884.06	11944.62
XIII.	Profit/(loss) attributable to:			
	a) Owners of the Company		1937.24	11999.15
	b) Non-controlling interests		-9.26	-5.29
XIV.	Other comprehensive income attributable to:			
	a) Owners of the Company		-43.93	-49.24
	b) Non-controlling interests			
XV.	Total other comprehensive income attributable to:			
	a) Owners of the Company		1893.32	11949.91
	b) Non-controlling interests		-9.26	-5.29
XVI.	Paid up Equity Share Capital (Face value Rs.10 each)		1037.62	1037.62
XVII.	Reserves i.e. Other Equity(excluding revaluation reserve)		18934.03	16996.79
XVIII.	Earnings per equity share (Non annualised) (In Rs.)			
	(1) Basic		18.16	115.12
	(2) Diluted		18.16	115.12

The accompanying notes forming part of the financial statements
As per our report of even date attached

For ARORA AGGARWAL & CO
Chartered Accountants
(Firms Registrartion No.021086N)

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347
JDIN: 23098347BGTUVA8354
Place: Amritsar
Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-
Ramesh Arora
Managing Director
DIN:00462656

Sd/-
Gurpreet Kaur
Company Secretary

Sd/-
Ajay Kumar Arora
Whole Time Director
DIN:00462664

Sd/-
Aditya Arora
Whole Time Director &
DIN: 07320410



Annual Report 2022-23

KWALITY PHARMACEUTICALS LIMITED			
Consolidated Cash Flow Statement for the year ended 31st March 2023			
(Rs. in lakhs)			
	Year ended 31st March 2023		Year ended 31st March 2022
A	(Audited)		(Audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax		2557.24	16156.68
Adjustments for:			
Depreciation	1495.84		1069.07
(Profit)/loss on sale of Assets	-5.42		.00
Long-term Provision for Gratuity	14.96		7.52
Interest & Finance Charges	602.04		291.73
Interest on FDR	-12.30		-12.28
		2095.11	1356.04
Operating Profit before Working Capital Changes		4652.35	17512.72
Adjustments for:			
Decrease/(Increase) in Short Term Loans & advances	1485.58		-4979.96
Decrease/(Increase) in Inventories	-3295.44		-3599.57
Decrease/(Increase) in Current Financial Assets	-113.64		-3284.69
Decrease/(Increase) in Other Current Assets	3378.94		.00
Increase/(Decrease) in current Financial Liabilities	3015.91		1026.56
Increase/(Decrease) in Other Current Liabilities	-918.31		.00
Increase/(Decrease) in Short Term Provisions	-3451.64		3520.00
		101.41	-7317.66
Cash generated from operations		4753.76	10195.06
Less: Income Tax		615.59	4135.37
Net Cash flow from Operating activities (A)		4138.17	6059.69
B CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment	-4767.32		-5515.24
Sale of Property, Plant and Equipment	186.28		.00
Interest on FDR	12.30		12.28
Increase in Other Non Current Assets	-275.33		-789.79
Net Cash used in Investing activities (B)		-4844.08	-6292.76
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/Repayment of Borrowings(net)	701.44		857.40
Dividend Distribution Tax	.00		.00
Net Cash from financing activities (C)		99.41	565.67
Net increase in cash & Cash Equivalents (A+B+C)		-606.50	332.61
Opening Cash and Cash equivalents		913.46	580.85
Closing Cash and Cash equivalents		306.96	913.46
Cash & Cash Equivalents		As on	As on
		31.03.2023	31.03.2022
Cash in Hand		37.19	64.04
Cash at Bank		269.77	849.42
Cash & Cash equivalents as stated in Financial Statements		306.96	913.46

Notes:

1. The above cash flow statement has been prepared under 'Indirect Method' as set out in AS-7 on statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

2. previous year's figures have been re-grouped and re-arranged wherever necessary.

As per our report of even date attached

For ARORA AGGARWAL & CO
Chartered Accountants

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347
UDIN: 23098347BGTUVA8354

Place: Amritsar
Date: 27-05-2023

For and on behalf of the Board of Directors

Sd/-
Ramesh Arora
Managing Director
DIN:00462656

Sd/-
Ajay Kumar Arora
Whole Time Director
DIN: 00462664

Sd/-
Gurpreet Kaur
Company Secretary

Sd/-
Aditya Arora
Whole Time Director
DIN: 07320410



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

A. EQUITY SHARE CAPITAL				
PARTICULARS	(Rs. in Lacs)			
As at 31 st March 2021	1037.62			
Additions/(Reductions)	-			
As at 31 st March 2022	1037.62			
Additions/(Reductions)	-			
As at 31st March 2023	1037.62			

B. OTHER EQUITY	Reserves & Surplus			(Rs. in Lacs)
	Retained Earnings	Other Reserves*	Non - Controlling Interest	Total
Balances as at 31 st March, 2021	4012.27	935.19	130.2	5077.66
Movement during the year:				
Profit for the period	11993.85	-	-	11993.85
Non- Controlling Interest	-	-	5.29	5.29
Other Comprehensive Income for the year, net of tax	-49.24	-	-	-49.24
Transition adjustments during the year	57.24			57.24
Reserve reclassification adjustment account		-8.00		-8.00
Balances as at 31st March, 2022	16,014.12	927.19	135.49	17,076.79
Movement during the year:				

**Annual Report 2022-23**

Profit for the period	1,927.99	-	-	1,927.99
Other Comprehensive Income for the year, net of tax	-43.93	-	-	-43.93
Non- Controlling Interest	-	-	9.26	9.26
Transition adjustments during the year	44.14	-	-	44.14
Reserve reclassification adjustment account	-	-0.21	-	-0.21
Balances as at 31st March,2023	17,942.32	926.98	144.74	19,014.03

Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31st March, 2023**1. Corporate Information**

Kwalita Pharmaceuticals Africa Limitada is one of the leading manufacturers of pharmaceutical products. The Company has a foreign subsidiary in which the company holds 51% of share capital. The subsidiary Company named Kwalita Pharmaceuticals Africa Limitada incorporated on 20/09/2013 under the laws of Africa have identification number as 100428873. The registered office of the Company is located at Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa. The company has invested in the share capital and granted loans to the foreign subsidiary. The subsidiary is incorporated with the intention of import export and marketing of pharmaceutical products of the company.

1.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, and amendments made thereafter and the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

2. Summary of Significant Accounting Policies:**(a) Basis of preparation and Measurement:**

The Consolidated Financial statements have been prepared on an accrual basis of accounting and under the historical cost convention on accrual basis except for certain financial instruments that are measured at fair values / amortized cost / net present value at the end of each reporting period, as explained in the accounting policies below.



Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('functional currency'). The Consolidated Financial Statements of the Group are presented in Indian currency (INR), which is also the functional and presentation currency of the Group. All values are rounded off to the nearest two decimal lakhs, unless otherwise indicated.

Principle of Consolidation:

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiary (collectively referred as "the Group").

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for material like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except otherwise stated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Consolidated Financial Statements have been prepared by combining the financial statements of the company and its subsidiary on a line-by-line basis by adding together the book values of like items of assets, liabilities, equity, income, expenses and cash flow after eliminating in full intra-group assets, liabilities, equity, income, expenses and cash flow relating to intra-group transactions and unrealized profits. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Such unrealized profit/losses are fully attributed to the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the Subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.



When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit and loss and is calculated as the difference between

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the consolidated statement of profit and loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109.

(iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Group categories assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (i) Level 1: Quoted Prices (unadjusted) in active markets for identical assets or liabilities
- (ii) Level 2: inputs are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (iii) Level 3: inputs are unobservable for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants. For assets and liabilities that are recognised in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(b) Classification of Current and Non-Current:

An asset is treated as current when it is:

- i) Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii) Held primarily for the purpose of trading,
- iii) Expected to be realized within twelve months after the reporting period, or
- iv) Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle,
- ii) It is held primarily for the purpose of trading,
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to determine the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non – current.



(c) Property, plant and equipment:

The Holding Company has elected to continue with the carrying value of its Property Plant & Equipment (PPE) recognised as of April 1, 2022 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation/amortization and impairment losses, if any. The cost comprises of the purchase price (net of GST credit wherever applicable) and any attributable cost of bringing the property, plant and equipment to its working condition for its intended use.

Subsequent expenditure related to an item of property, plant and equipment are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Company identifies and determines separate useful life for each major component of property, plant and equipment, if they have useful life that is materially different from that of the remaining asset.

Items such as Laboratory items is recognized in accordance with Ind AS 16 "Property, Plant and Equipment" when they meet the definition of property, plant and equipment. Otherwise, such items are classified as Consumable expense or Inventories as per the nature of item.

Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition of property, plant and equipment's outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other Non-Current Assets".

Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment and are recognized in the statement of profit and loss when the property, plant and equipment is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Depreciation on Property, plant and equipment:

Depreciation on fixed assets is calculated on written down value basis using the rates arrived at based on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 for the year ended on March 31, 2023.

The useful life of Property, Plant and Equipment as estimated by the Management on the basis of expert advice and past experience are as under:



Class of Assets	Useful life (in years)
Plant & Machinery	20 years
Building	20-30 years
Furniture	10 years
Vehicles	8 years
Computer Equipment	3 years
Laboratory Equipment	10- 20 years
Office Equipment	5 years
Lift	8 years
Electric Fittings	10 years

*Land held by the company is not depreciated.

e) Inventories

Inventories are stated at cost or net realizable value whichever is lower. Cost include purchase price, non-refundable taxes and delivery and handling cost and all costs incurred in bringing the inventory to its present location and condition. Cost of raw materials, process chemicals, stores and spares, packing material, and another inventory is determined on weighted average basis.

Finished goods stock is valued at cost or net realizable value whichever is lower. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

(f) Statement of Cash Flows

Consolidated Statement of Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

(i) Employee Benefits

I. Defined Contribution Plan

The company's contribution to defined contribution plan paid/payable for the year is charged to the Standalone Statement of Profit and loss.

II. Defined benefit plans

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method. Gratuity fund is administered through Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability are recognized immediately in the balance sheet with a



corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(g) Foreign Currency transactions

The Company's financial statements are presented in INR, which is also the Company's Functional Currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates and recognized in the Statement of Profit and Loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(h) Taxes on Income

Income Tax Expense

Income tax expense represents the sum of current tax and deferred tax and includes any adjustments related to past periods in current and /or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant year. Current income tax is based on the taxable income and calculated using the applicable tax rates.

Deferred Tax

Deferred tax resulting from "timing differences" between taxable and accounting income that originate in one period and are capable of being reversed in one or more subsequent period is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets can be realized in future. However, where there is unabsorbed capital expenditure or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date.

(i) Revenue Recognition

The Company recognizes revenue when the same can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. Revenue is measured at the value of the consideration received or receivable, considering defined terms of payment and excluding taxes or duties collected on behalf of the government. Amounts disclosed as revenue are exclusive of GST and net of returns, trade allowances, rebates, discounts, and amounts collected on behalf of third parties.

i) Sale of goods

Sales are recognized when substantial risk and rewards of ownership are transferred to customer, in case of domestic customers, sales generally take place when goods are dispatched or delivery is handed over to the transporter. In case of export customers, sales generally take place when goods are shipped on-board based on bill of lading.



ii) Interest & Other Indirect Income

- a) Interest income is recognized on time proportion basis considering the amount invested and rate of interest.
- b) Revenue in respect of other claims is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(j) Leases

The company recognises the Right to Use for Assets taken on lease only if the Lease is of a long-term duration and the underlying value of Asset is substantial in terms of Ind AS 116 Leases.

(k) Provisions

A provision is recognized when the Company has a present obligation Legal or Constructive that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

(l) Segment Reporting

The Company operates in Single segment of manufacturing of broad range of finished pharmaceutical formulations in a dosage form viz. Tablets, Capsules, Syrup, Dry Syrup, Injections etc. The product has the same risks and returns, which are predominantly governed by market conditions, namely demand and supply position. Thus, in the context of Ind AS 108 "Operating Segment", issued by the Institute of Chartered Accountants of India, there is only one identified reportable segment.

(m) Earnings per Share

Basic earnings per share are calculated by dividing the net profit/ loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of diluted potential equity shares, if any.

(n) Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are not disclosed in the Financial Statements.



(o) Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired, if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In accordance with Ind AS 109, the Company applies Expected Credit Loss model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

b) Other financial assets which are measured at amortised cost.

The Company follows simplified approach for recognition of impairment loss allowance on Trade receivables and other financial assets. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Non-Financial Assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(p) Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial recognition and measurement:

Financial assets are classified into the following categories upon initial recognition:

(a) those measured at amortised cost



(b) those to be measured subsequently at fair value through Statement of Profit & Loss.

The classification depends on the entity's business model for managing the financial assets and the terms of cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income as the case may be.

All financial assets are initially recognized at fair value. Transaction costs of acquisition of financial assets carried at fair value through profit and loss are expensed in the Statement of Profit and Loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured subsequently at amortized cost. Interest income from these financial assets is included in Other income as per interest received/receivable from Financial Institutions.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

Financial liabilities

Initial recognition and measurement:

All financial liabilities are recognized initially at fair value. The Company's financial liabilities majorly comprises trade and other payables.

Financial liabilities are classified as 'FVTPL' if they are held for trading or if they are designated as financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit and loss.

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

(q) Fair Value Measurement

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Use of Judgment's, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Defined benefit plans (Gratuity and Leave encashment benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation and Leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful life of Property, plant and equipment

The Company reviews the useful life of Property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expenses in the future years.

**Note: All figures presented in INR in lacs, unless otherwise stated*



Note : 1

Property, Plant & Equipment

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
A. Closing Gross Block (other than Capital WIP) (Ai+Aii-Aiii+Aiv)	17015.17	12812.73
Ai) Opening Gross Block	12812.73	8222.10
Aii) Additions during the year	4173.70	4590.64
Aiii) Sales during the year	350.55	-
Aiv) Reclassification	379.28	-
B. Closing Accumulated Depreciation (Bi+Bii-Biii)	4965.49	3639.35
Bi) Opening Accumulated Depreciation	3639.35	2569.45
Bii) Add: Depreciation charged during the Current year	1495.84	1069.07
Biii) Less: Depreciation on assets sold	169.70	-
Net Block (A-B)	12049.67	9173.38

Note 1: Property, Plant and Equipment

Description of Assets	Gross Block (At Cost)				Accumulated Depreciation				Net Block		
	As at 01.04.2022	Additions during the year	Sale/ Deductions during the year	Reclassification	As at 31.03.2023	As at 01.04.2022	Dep on asset sold	For the year ended 31.03.2023	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Plant & Machinery	6660.73	2309.10	156.30	-	8813.53	1454.11	79.96	880.44	2254.59	6558.94	5206.61
Building	2281.05	154.97	-	379.28	2815.30	730.62	-	155.01	885.63	1929.67	1550.43
Furniture	325.51	319.87	-	-	645.39	128.83	-	106.36	235.19	410.19	196.68
Vehicles	802.53	316.15	194.25	-	924.43	495.84	89.73	112.90	519.01	405.42	306.69
Computer Equipment	304.23	74.93	-	-	379.16	239.45	-	56.89	296.34	82.82	64.78
Laboratory Equipment	1339.06	357.43	-	-	1696.49	417.77	-	147.86	565.63	1130.86	921.29
Office Equipment	41.03	3.25	-	-	44.28	27.68	-	5.70	33.38	10.90	13.35
Lift A/c.	48.35	5.81	-	-	54.16	23.53	-	4.94	28.48	25.68	24.82
Electric Fittings	146.03	17.03	-	-	163.06	74.85	-	21.77	96.62	66.44	71.18
Property	721.33	615.15	-	-	1336.49	.00	-	-	-	1336.49	721.33
At Mozambique:											
Property and Furniture at Mozambique	142.88	-	-	-	142.88	46.66	-	3.96	50.62	92.26	96.22
Total	12812.73	4173.70	350.55	379.28	17015.17	3639.35	169.70	1495.84	4965.49	12049.67	9173.38
Previous Year Figure	8222.10	4590.64	.00	.00	12812.73	2569.45	.00	1069.07	3639.35	9173.38	5652.65

**Note : 2****Capital Work-in-Progress:****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Closing Gross Block (Capital Work-in-Progress) (Ai+Aii-Aiii)	1429.19	1214.85
Ai) Opening Gross Block	1214.85	289.42
Aii) Additions during the year	593.62	925.43
Aiii) Reclassification	- 379.28	-

➤ **Ageing Schedule of Capital Work-in-Progress:**

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	Less than 1 -2 years	More than 2 years	
Balance as at 31st March, 2023				
Building Work-in-Progress	593.62	835.57	-	1429.19
Building Work temporarily suspended	-	-	-	-
Balance as at 31st March, 2022				
Building Work-in-Progress	925.43	289.42	-	1214.85
Building Work temporarily suspended	-	-	-	-

Note : 3**Non-current Investment****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Investment Property	-	-
(b) Investment in Preference Shares	-	-
(c) Investment into Government Securities	-	-
(d) Investment in Debentures or Bonds	-	-



(e) Investments in Mutual Funds	-	-
(f) Other Financial Non Current Investments	-	-
Total	-	-

Note : 4**Other Non Current Assets****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Capital Advances		
Secured, Considered Good	-	-
Unsecured, Considered Good	993.35	768.05
Doubtful	-	-
(b) Security Deposits		
Secured, Considered Good	77.82	42.75
Unsecured, Considered Good	-	-
Doubtful	-	-
(c) Loans & Advances to Related Parties	-	-
(d) Other Loans & Advances		
Secured, Considered Good	-	-
Unsecured, Considered Good	-	-
Doubtful	-	-
(e) Other Non Current Investments		
Gold Coins	2.88	2.88
Gratuity Fund	90.29	75.33
Total	1164.35	889.02

Note : 5**Inventories****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Inventory (incl. packing material) (a+b+c-d)		
(a) Raw Material	5695.00	3079.35



Annual Report 2022-23

(b) Finished Goods	1155.95	836.01
(c) Packing Material	2485.64	1420.66
(d) Less: Stock Written off during the period	705.12	-
Total	8631.47	5336.02

Note : 6

Trade receivables

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Secured, considered good	-	-
- Unsecured, considered good	2873.04	1721.29
- Doubtful	-	-
Trade receivables outstanding for a period not exceeding six months from the date they were due for payment		
- Secured, considered good	-	-
- Unsecured, considered good	4296.39	5191.76
- Doubtful	-	-
	7169.43	6913.05
Less: Provision for doubtful trade receivables	-	-
	7169.43	6913.05
Total	7169.43	6913.05

➤ **Trade Receivables Ageing Schedule for the year ending 31st March,2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- Considered Good	4296.39	498.84	1789.06	427.26	149.96	7161.51



Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivables- Considered Good	-	-	-	-	7.92	7.92
Disputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Total	4296.39	498.84	1789.06	427.26	157.88	7169.43

➤ Trade Receivables Ageing Schedule for the year ending 31st March,2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- Considered Good	5191.76	1158.46	202.47	326.19	-	6878.90
Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Disputed Trade Receivables- Considered Good	-	-	-	34.15	-	34.15
Disputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
Total	5191.76	1158.46	202.47	360.34	-	6913.05

Note : 7

Cash and cash equivalents

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Balances with Banks - In Current Accounts	145.08	641.76
(b) Cash in Hand	34.83	64.05
Balances at Mozambique:		
- Balances with Banks	124.69	207.66
- Cash in Hand	2.37	-
Total	306.96	913.46

**Note : 8****Bank Balances other than Cash and cash equivalents****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed Deposits with Banks	429.38	381.64
Total	429.38	381.64

Note : 9**Other Financial Current Assets****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
IGST refundable against export	689.62	880.11
Total	689.62	880.11

Note : 10**Short Term Loans & Advances****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advances to Suppliers	1000.62	2520.11
Advances to Staff	33.90	-
Total	1034.52	2520.11

Note : 11**Other Current Assets****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balances with Revenue Authorities	2196.98	5570.80
Security Deposits	261.60	256.73
Other Advances	-	9.98
Total	2458.57	5837.51



Note : 12

(Rs. in Lacs)

Share Capital

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares	Value (Rs.)	Number of shares	Value (Rs.)
(a) Authorised Equity shares of Rs. 10 each with voting rights	16000000	1600.00	16000000	1600.00
	16000000	1600.00	16000000	1600.00
(b) Issued Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
	10376198	1037.62	10376198	1037.62
(c) Subscribed and fully paid up Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
	10376198	1037.62	10376198	1037.62
Total	10376198	1037.62	10376198	1037.62

12a)**Shareholding Pattern of Kwalita Pharmaceuticals Africa Limitada (Subsidiary)**

Name of Shareholders	% of Shareholding
Kwalita Pharmaceuticals Limited	51.00%
Mr. Rajendra Singh Golan	49.00%

Shareholding Details at Kwalita Pharmaceuticals Limited (Holding Company)**12b)**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(Rs. in Lacs)

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2022			



Annual Report 2022-23

- Number of shares	10376198	-	10376198
- Amount (in Rs.)	1037.62	-	1037.62
Year ended 31 March, 2023			
- Number of shares	10376198	-	10376198
- Amount (in Rs.)	1037.62	-	1037.62

12 c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of the equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

12d)

Details of shares held by each shareholder in holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2023		As at 31 March, 2022	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
1. RAMESH ARORA	3217494	31.01%	3202484	30.86%
2. AJAY ARORA	1410638	13.59%	1395628	13.45%
3. AKNM SUPPLIERS PVT. LTD. (FORMERLY KNOWN AS RKK PORTFOLIO PRIVATE LIMITED)	851716	8.21%	1293070	12.46%
4. DEEPAK BANSAL	1094078	10.54%	1093878	10.54%
5. ADITYA ARORA	711962	6.86%	684932	6.60%
	7285888	70.22%	7669992	73.91%

12e)

Detail of Shareholding by Promoters:

Promoter's Name	Shares held by Promoter at the end of the year				% of change during the year
	As at 31 March, 2023		As at 31 March, 2022		
	Number of shares held	% of holding in shares	Number of shares held	% of holding in shares	

**Annual Report 2022-23**

1. RAMESH ARORA	3217494	31.01%	3202484	30.86%	0.47 %
2. AJAY ARORA	1410638	13.59%	1395628	13.45%	1.08 %

Note : 13**(Rs. in Lacs)****Other Equity**

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Securities premium account		
Opening balance	846.77	846.77
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	846.77	846.77
(b) Retained Earnings:		
Opening balance	16291.05	4278.39
Add: Profit / (Loss) for the year	1927.99	11993.85
Add: Opening Profit / (Loss) at Mozambique	-276.93	-266.12
Non Controlling Interest	144.74	135.49
Add: Transition adjustments during the year	44.14	57.24
Add: Other Comprehensive Income during the year	-43.93	-49.24
Closing balance	18933.83	16996.38
(b) Investment Allowance Reserve	-	0.21
(c) Revaluation Reserve	80	80
(e) Investment by Mr. Golan	0.21	0.21
	80.21	80.42
Total	19014.03	17076.79



Note : 14

Long-term borrowings

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Term loans		
From banks	2718.58	1955.89
From other parties	-	2.94
	2718.58	1958.83
(b) Loans and advances from related parties		
Unsecured	11.70	70.00
	11.70	70.00
(c) Other loans and advances (specify nature)		
Secured	-	-
Unsecured	-	-
	-	-
Total	2730.28	2028.83

Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Secured	Unsecured	Secured	Unsecured
Term loans from banks:				
Car/term loans	3918.93		3027.76	
less : Current maturities	- 1200.35		- 1071.87	
Total - Term loans from banks	2718.58		1955.89	
Term loans from other parties:				
		-	2.94	
Total - Term loans from other parties		-	2.94	-



Loans and advances from related parties:		11.70	70.00
Total - Loans and advances from related parties		11.70	70.00

Unsecured Loans & Advances from related Parties

Particulars	Relation	As at 31 March, 2023	As at 31 March, 2022
LOAN FROM SH. RAMESH ARORA	Director	11.70	70.00
		11.70	70.00

Terms of Borrowings:

The natures of security along with terms of repayment are as per details given below:

Sr No.	Nature of Security	Terms of Repayment
1	BMW 6 SERIES (HDFC BANK LTD.)	The loan is repayable in 60 instalments of Rs. 1,38,932/- each starting from December 2018. Amount outstanding as on 31/03/2023 is Rs. 10,76,042.87/-
2	BMW X3 (HDFC BANK LTD.)	The loan is repayable in 60 instalments of Rs. 1,07,926/- each starting from February 2019. Amount outstanding as on 31/03/2023 is Rs. 1009039.51 /-
3	Hyundai Creta Car (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 46,468/- each starting from October 2020. Amount outstanding as on 31/03/2023 is Rs. 3,60,969.70/-
4	Toyota Fortuner (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 1,00,930/- each starting from March 2021. Amount outstanding as on 31/03/2023 is Rs. 1441805.67/-
5	Toyota Innova (HDFC BANK LTD.)	The loan is repayable in 36 instalments of Rs. 55,991/- each starting from February 2021. Amount outstanding as on 31/03/2023 is Rs. 6,45,376.48/-
6	BBG-WC Term Loan- GECL (HDFC BANK LTD.)	The loan is repayable in 36 instalments of Rs. 1739286/- each starting from October 2021. Loan started from October 2020 with principal Moratorium for 12 Months. Amount Financed is Rs. 553.00 Lakhs. Amount outstanding as on 31/03/2023 is Rs. 2,95,11,899.00/-
7	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 61 instalments of Rs. 8,93,845/- each starting from June 2018. Amount outstanding as on 31/03/2023 is Rs. 17,36,527.20/-
8	HDFC TERM LOAN	The loan is repayable in 59 instalments of Rs. 8,93,845/-



		each starting from June 2019. Amount outstanding as on 31/03/2023 is Rs. 10136209.07 /-
9	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 59 instalments of Rs. 1753352/- each starting from September 2020. Amount outstanding as on 31/03/2023 is Rs. 4,47,65,067.71/-
10	BBG- WC Term Loan (HDFC BANK LTD.)	The loan is repayable in 61 instalments of Rs. 40,13,862/- each starting from June 2021. Amount outstanding as on 31/03/2023 is Rs. 138844418.2/-
11	WC TERM LOANS-GECL (HDFC BANK LTD.)	The loan is repayable in 48 instalments of Rs. 2717/- each starting from February 2022. Amount outstanding as on 31/03/2023 is Rs. 82,260.00 /-
12	RANGE ROVER (HDFC BANK LTD.)	The loan is repayable in 39 instalments of Rs. 229703/- each starting from August 2021. Amount outstanding as on 31/03/2023 is Rs. 41,16,494.56/-
13	TATA Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November 2021. Amount outstanding as on 31/03/2023 is Rs. 9,36,553.80/-
14	Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 36753/- each starting from September 2021. Amount outstanding as on 31/03/2023 is Rs. 9,44,181.23/-
15	Truck (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November 2021. Amount outstanding as on 31/03/2023 is Rs. 936553.8/-
16	HDFC Cash Credit Limit	Limit sanctioned Rs 2169.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs. 2,118.00 Lakhs
17	HDFC PCL Limit	Limit sanctioned Rs. 2719.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs. 2117.99 Lakhs
18	AXIS Bank Cash Credit Limit	Limit sanctioned Rs 500.00 Lakhs. Outstanding Balance as on 31/03/2023 Rs 504.76 Lakhs
19	HDFC GECL Term Loan	The Loan raised for Rs. 2,76,00,000/- started from May 2022 with Principal Moratorium during the year. The Loan repayable in 5 years. The Amount outstanding as on 31/03/2023 is Rs. 2,76,00,000/-
20	HDFC BMW Term Loan	The loan is repayable in 60 instalments of Rs. 236935/- each starting from July 2022. The Amount financed is Rs. 11,79,00,000. Amount outstanding as on 31/03/2023 is Rs. 1,04,04,438.13/-
21	HDFC Term Loan	The loan is repayable in 64 instalments of Rs. 798358/- each starting from August 2022. The Amount financed is of Rs. 39539396. Amount outstanding as on 31/03/2023 is Rs. 3,58,22,556.31/-
22	HDFC Term Loan	The loan is repayable in 63 instalments of Rs.14,26,667/- each starting from November 2022. The Amount financed



		is Rs. 7,31,91,277/- . Amount outstanding as on 31/03/2023 is Rs. 7,11,15,861.47/-
23	HDFC Honda Car Term Loan	The loan is repayable in 60 instalments of Rs.19467/- each starting from February 2023. The Amount financed is Rs. 9,39,998/-. Amount outstanding as on 31/03/2023 is Rs. 9,14,913.90/-
24	HDFC Creta Car Term Loan	The loan is repayable in 39 months by instalments of Rs.29863/- each starting from February 2023. The Amount financed is Rs. 10,10,531/-. Amount outstanding as on 31/03/2023 is Rs. 965376.45/-
25	HDFC Mercedes Benz Term Loan	The loan is repayable in 39 instalments of Rs.196798/- each starting from March 2023. The Amount financed is Rs. 66,85,680/-. Amount outstanding as on 31/03/2023 is Rs. 66,85,680/-
26	ICICI EPC Limit	Limit sanctioned is Rs. 500 lacs. Outstanding Balance as on 31/03/2023 is Rs. 355 lacs.
27	Truck loan (HDFC BANK LTD.)	The loan is repayable in 47 instalments of Rs. 36753/- each starting from September 2021. Amount outstanding as on 31/03/2023 is Rs. 9,44,181.23/-
28	HDFC Ertiga Car Loan	The loan is repayable in 39 instalments of Rs.28456/- each starting from January 2023. The Amount financed is Rs. 960523/-. Amount outstanding as on 31/03/2023 is Rs. 896154.43/-

Vehicle Loans are secured by hypothecation of vehicles in favor of the Bank. Similarly, machinery term loans are secured by hypothecation of machinery in favor of the Bank.

Cash Credit, Term Loan, Pre-shipment, Post Shipment, FLC, PSL, PCFC and BG are secured by hypothecation of all types of stocks and other material at factory/godown or at other places as approved by the bank from time to time including goods in transit and receivables, i.e. stock and book debts; hypothecation of plant and machinery and FDR margin.

All the Loans and Advances from the bank, including Working Capital limits and other credit facilities from the Bank are collaterally secured by equitable mortgage of the following properties:

- i) Industrial Property bearing killa no. 152/5 (6-17), 152 (8-0), Khewat Khatoni No. 368/435, 581/761, Rakba 14K, 17M situated at Nag Kalan Amritsar, owned by Mr. Ramesh Arora and Mr. Ajay Arora, directors of the Company
- ii) Industrial Property at Wakia 6 Mile Stone Village Nag Kalan, Majitha Road, Amritsar -143001 owned by the Company.
- iii) Industrial Property at Plot No. 1A, Raja Ka Bagh, Kangra, Himachal Pradesh on long term lease from government of Himachal Pradesh.
- iv) Industrial property situated at Hadbast No. 334 , Situated at Rakba Village Nag-2, Tehsil Majitha , Near kwality pharmaceuticals , Amritsar , Punjab, 143601.



Note : 15

Deferred Tax Liability (Net)

(Rs. in Lacs)

	As at 31 March,2023	As at 31 March,2022
Deferred tax Liability/Assets		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets, as restated with respect to previous years	27.46	- 3.76
Less: Written off during the year in tax relating to earlier years	-	- 3.76
Current Year Adjustment of deferred Tax Asset	13.66	27.46
Net deferred tax liability / (asset)	41.12	27.46

Note : 16

Long-term provisions

(Rs. in Lacs)

Particulars	As at 31 March,2023	As at 31 March,2022
Long Term Gratuity	90.29	75.33
Total	90.29	75.33

Note : 17

Short-term borrowings

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Loans repayable on demand		
From banks		
Secured	6296.10	3372.30
Unsecured	-	-
From Other Parties		
Secured	-	-
Unsecured	-	-
(b) Loans and Advances from Related Parties	-	-
Total	6296.10	3372.30



(i) Details of security for the secured short-term borrowings: Cash Credit, Pre-shipment, Post Shipment, FLC, PSL, PCFC and BG are secured by hypothecation of all types of stocks and other material at factory/godown or at other places as approved by the bank from time to time including goods in transit and receivables, i.e. stock and book debts; hypothecation of plant and machinery and FDR margin and collaterally secured by equitable mortgage of the properties mentioned in note no. 14.

(ii) Details of Short term Borrowings

Particulars	As at 31 March, 2023	As at 31 March, 2022
Working Capital Limits	5095.75	2300.43
Term Loans (with current maturities)	1200.35	1071.87
Total	6296.10	3372.30

Note : 18

Trade payables

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Trade payables		
- Payable to MSME	1835.82	1576.24
- Payable to Others	1683.42	1875.24
Total	3519.24	3451.47

➤ **Trade Payables Ageing Schedule for the year ending 31st March,2023**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1822.11	4.76	8.95	-	1835.82
Others	1639.80	26.20	17.42	-	1683.42
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Total	3461.91	30.96	26.37	-	3519.24



➤ Trade Payables Ageing Schedule for the year ending 31st March,2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1556.37	19.87	-	-	1576.24
Others	1678.44	180.88	15.53	0.38	1875.23
Disputed dues- MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	-	-
Total	3234.81	200.75	15.53	0.38	3451.47

Note : 19

Other financial current liabilities

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Security Deposits	4.50	4.50
(b) Interest accrued but not due on Borrowings	23.27	13.93
(c) Income received in Advance	-	-
(d) Statutory Dues	61.57	41.82
(e) Others	188.71	193.46
Total	278.05	253.71

Note : 20

Short loans & Advances - Current Liabilities

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advances from Customers	1852.81	1853.08
Current Maturities of Long Term Advances	-	918.04
Total	1852.81	2771.12

**Note : 21****Current Tax provisions**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision - others (Current Tax Expense)	648.36	4100.00
Total	648.36	4100.00

Note : 22**Revenue from operations**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Export Turnover	11961.09	29961.52
Domestic Turnover	13122.62	15640.84
Sale at Mozambique	19.29	16.17
Total	25103.00	45618.52

Note: 23**Other Income**

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Interest on FDR	12.30	12.28
Duty Drawback	148.47	167.66
Other Income	0.85	5.03
Profit/Loss on Sale of Asset	5.42	-
Rate Diff on Purchase	0.53	-
Foreign Exchange Fluctuation	126.55	166.22
Total	294.12	351.19

**Note : 24****Cost of materials consumed****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening Stock		
-Raw Material	3079.35	787.65
-Packing Material of Pharma products	1420.66	363.66
Add: Purchase		
-Raw Material	9875.48	16344.99
-Packing Material of Pharma products	5127.55	6934.56
Less: Closing Stock		
-Raw Material	5695.00	3079.35
-Packing Material of Pharma products	2485.64	1420.66
Total	11322.40	19930.85

Note : 25**Purchase Of Stock-In-Trade****(Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Finished goods	4.25	380.38
Total	4.25	380.38

Note : 26**Changes In Inventory Of Finished Goods, Work In Progress And Stock In Trade (Rs. in Lacs)**

Particulars	As at 31 March, 2023	As at 31 March, 2022
Opening Stock		
-finished goods	836.01	585.13
Less: Closing Stock		
-finished goods	1155.95	836.01
Total	- 319.94	- 250.87



Annual Report 2022-23

Note : 27

Employee benefits expense

(Rs. in Lacs)

Particulars	As at 31st March, 2023	As at 31 March, 2022
Salaries and wages	2554.81	1660.31
Directors Remuneration	180.00	135.00
Contributions to provident and other funds	119.59	98.22
Staff welfare expenses (Food-lodging & medical)	135.35	115.15
Staff expenses at Mozambique:		
Staff Salary	6.18	6.45
Total	2995.93	2015.12

Note : 28

Finance costs

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Bank interest and other expenses	577.33	244.24
Interest Accrued but not due on borrowings	23.27	13.93
Interest & financial chgs on vehicle & other loans	1.43	33.55
Total	602.04	291.73

Note : 29

Other expenses

(Rs. in Lacs)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Administrative Expense	349.66	185.30
Auditor's Remuneration:		
- As Auditors	8.00	5.00
- For other services	-	-
Communication Expense	12.19	10.91
Advertisement & Publicity Expense	16.69	12.49
Other Expense	34.34	39.70
Fees And Taxes	213.42	79.01
Distribution Expenses	1198.60	2756.15
Power, Fuel & Electricity	1296.33	1105.83
Legal And Professional Charges	218.25	117.64



Annual Report 2022-23

Repair And Maintenance	351.26	452.12
Carriage Inward Expense	11.66	5.01
Testing And Laboratory Charges	504.13	501.80
Bank Charges	58.72	-
Corporate Social Responsibility	82.69	22.93
Factory Expense	431.59	452.16
Hotel And Accomodation Expense	26.70	9.78
House Keeping Expense	54.89	-
Insurance	102.79	31.34
Travelling Expense	47.51	23.69
Commission Expense	51.06	558.12
Director's Sitting Fees	3.66	2.72
Expenses at Mozambique:		
Office Expenses	1.03	.57
Travelling	1.06	.70
Stationary	.90	.35
Professional fee	1.30	.45
Fuel and electricity	2.00	.97
Communication	.96	.37
Other Expenses	.93	.05
Fees and taxes	1.81	.64
Import Expenses	2.30	.97
Total	5086.42	6376.74

30. CONTINGENT LIABILITIES AND PENDING LITIGATIONS

➤ **CONTINGENT LIABILITIES**

(Rs. in Lacs)

Particulars	As at 31st March 2023	As at 31st March 2022
c) Corporate Guarantee given on behalf of related parties	Nil	Nil
d) Guarantees given by bankers against Government tenders	Nil	4.91
Pending Litigations		
i) VAT Department	50.82	-

**➤ PENDING LITIGATIONS**

The Company has certain pending litigations against it with respect to marketing and quality of its products. The litigations are pending in various forums. As per management representation, the financial impact of these litigations cannot be ascertained.

31. EARNINGS PER SHARE

The following reflects the income and share data used in the Basic and Diluted EPS computation:

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Profit for the year attributable to equity holders for Basic and Diluted Earnings (Rs. in Lacs)	1884.06	11944.62
Number of equity shares for Basic/ Diluted EPS	10376198	10376198
Earnings per share - Basic/ Diluted (in Rs.) (face value of Rs. 10 per share)	18.16	115.12

32. According to the information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to micro and small enterprises under the said Act as at 31st March, 2023 as follows: **(Rs. in Lacs)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Principal Amount that has been unpaid to any supplier as at the period end	1835.82	1576.24
Interest due on above	-	-
Amount of interest paid in terms of Section 16 of the MSME Act, 2006	-	-
Amount of interest due and payable for the period of delay	-	-
Amount of interest accrued and remaining unpaid as at year end	-	-
Amount of further interest remaining due and payable in the succeeding year	-	-

33. FOREIGN EXCHANGE EXPOSURE:

The Company has booked Rs. 126.55 lacs (Previous year Rs. 166.22 lacs) in Statement of Profit & Loss on account of foreign currency exchange rate change.



Foreign currency exposures which are not hedged as at the Balance Sheet date:

Particulars	As at 31 st March 2023		As at 31 st March 2022	
	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)
i) Trade Payables	0.57	46.72	0.44	33.25
ii) Trade receivables	46.72	3817.96	78.12	5881.922

34. RATIOS:

(Rs. in Lacs)

Particulars	Current Year 31 st March 2023			Previous Year 31 st March 2022			Variation (in%)	Reasons for variation
	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio		
Current Ratio	20719.95	12594.57	1.65	22781.90	13948.61	1.63	0.73%	The ratio has not been effected to a major extent.
Debt Equity	9026.38	19906.91	0.45	5401.13	17978.92	0.30	50.93%	The Total Debt of the Company has incurred during the year.
Debt Service Coverage Ratio	4831.11	1620.84	2.98	16459.21	1526.05	10.79	-72.36%	The variation is due to decrease in profit margins and turnover as compared to previous year
Return on Equity	1927.99	19906.91	9.69%	11993.85	17978.92	66.71%	-85.48%	The variation is due to decrease in profit margins and turnover as compared to previous year
Inventory Turnover ratio	25103.00	6983.74	3.59	45618.52	3536.24	12.90	-72.14%	The variation is due to decrease in turnover while increase in Inventory holding levels.
Trade Receivables Turnover ratio	25103.00	5242.06	4.79	45618.52	7041.24	6.48	-26.09%	The variation is due to decrease in turnover while increase in trade receivables.
Trade Payables Turnover Ratio	11006.72	3485.36	3.16	20060.36	3036.48	6.61	-52.20%	The variation is due to decrease in consumption in pursuance to decrease in turnover while increase in payables.
Working Capital turnover Ratio	25103.00	8125.39	3.09	45618.52	8833.30	5.16	-40.18%	The variation is due to substantial decrease in turnover as compared to decrease in working capital.



Net Profit Ratio	1927.99	25103.00	7.68%	11993.85	45618.52	26.29%	-70.79%	The variation is due to decrease in profit and turnover as compared to previous year.
Return on Capital Employed	4812.22	22637.19	21.26 %	16448.41	20007.76	82.21%	-74.14%	The variation is due to decrease in profits and turnover as compared to previous year.
Return on Investment (EBIT/Capital Invested)*100	4812.22	22637.19	21.26 %	16448.41	20007.76	82.21%	-74.14%	The variation is due to decrease in profits and turnover as compared to previous year.

* The previous year's figures have been regrouped wherever necessary to make it comparable with the current year

35. FAIR VALUE DISCLOSURES:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

The categories used are as follows:

- **Level 1:** This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price.;
- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

The carrying value of financial assets/ liabilities by categories are as follows:

Particulars	Notes	Amortized Cost (Rs. in Lacs)	
		As at 31 st March 2023	As at 31 st March 2022
a) Trade Receivables	6	7169.43	6913.05
b) Cash and Bank Balances	7	306.96	913.46
c) Bank Balances other than above	8	429.38	381.64
d) Other financial current assets	9	689.62	880.11

Particulars	Notes	Amortized Cost (Rs. in Lacs)	
		As at 31 st March 2023	As at 31 st March 2022

**Financial Liabilities**

a) Short term Borrowings	17	6296.10	3372.30
b) Trade Payables	18	3519.24	3451.47
c) Other Financial Current Liabilities	19	278.05	253.71

The carrying value of all the financials assets and financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and liabilities have not been disclosed separately.

35.1. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, cash and cash equivalents, and financial assets measured at amortised cost.

A. Trade Receivables:

Trade receivables of the Company are generally unsecured. The Company performs ongoing credit evaluations of its customers' financial conditions and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business through internal evaluation. The allowance for impairment of trade receivables is created to the extent and as and when required, based upon the expected collectability of accounts receivables. The Company has no concentration of credit risk as the customer base is geographically distributed in India.

B. Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

C. Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes loans and advances, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously and is based on the credit worthiness of those parties.

Provision for expected credit losses**a) Expected credit losses for financial assets other than trade receivables**

The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature.

b) Expected credit loss for trade receivables under simplified approach



The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by analyzing historical trend of default and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Based on such simplified approach, no allowance has been recognised

35.2. Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Company manages its liquidity risk by maintaining sufficient bank balance.

Particulars	31 st March 2023	31 st March 2022
Current Ratio	1.65	1.63
Liquid Ratio	0.96	1.26

35.3. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Company is not exposed to other price risk whereas the exposure to currency risk is given as under:

a) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies.

b) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Relevant reports are submitted to Board of Directors on the unhedged foreign currency exposures. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at 31 st March 2023		As at 31 st March 2022	
	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)	Amount in Forex (in USD) (in Lacs)	Amount in INR (in Lacs)
i) Trade Payables	0.57	46.72	0.44	33.25
ii) Trade receivables	46.72	3817.96	78.12	5881.922

**36. Related Party Disclosures :**

Name of the related parties and description of their relationship are as under:

Name of the Related Party	Relationship
Mr. Ramesh Arora	Managing Director
Mr. Ajay Kumar Arora	Whole Time Director
Mr. Aditya Arora	Whole Time Director
Mrs. Geeta Arora	Whole Time Director
Mrs. Anju Arora	Whole Time Director
Mrs. Kanika Arora	Relative of Director
Mrs. Aastha Seth	Relative of Director
Mrs. Geetika Arora	Relative of Director
Mr. Kiran Kumar Verma	Independent Director
Mr. Pankaj Takkar	Independent Director
Mr. Ravi Shanker Singh	Independent Director
Mr. Kartik Kapur	Independent Director
Mr. Prashanth Vellanki	Independent Director
Kwality Pharmaceuticals Africa Limitada	Subsidiary
Mr. Rajendra Singh Golan	Director of Subsidiary

36.a. Transactions with Related Parties at Holding Company

Nature of Transactions	Amount (Rs. in Lacs)	
	31st March 2023	31st March 2022
Remuneration		
i) Mr. Ramesh Arora	51.00	39.00
ii) Mr. Ajay Kumar Arora	51.00	39.00
iii) Mr. Aditya Arora	36.00	27.00
iv) Mrs. Anju Arora	21.00	15.00
v) Mrs. Geeta Arora	21.00	15.00
vi) Mrs. Kanika Arora	3.00	3.00
vii) Mrs. Aastha Seth	4.20	4.20
viii) Mrs. Geetika Arora	6.00	6.00
Director Sitting Fees		
i) Mr. Kiran Kumar Verma	1.75	1.21
ii) Mr. Pankaj Takkar	1.39	1.30
iii) Mr. Ravi Shanker Singh	0.27	0.20
iv) Mr. Kartik Kapur	0.25	0.02
Rent		



i) Mr. Ramesh Arora	1.08	1.08
ii) Mr. Ajay Kumar Arora	1.08	1.08
Sale of Product to Subsidiary by Holding Company		
Kwality Pharmaceuticals Africa Limitada	15.76	10.81
Loan Repayments to Related Parties		
Mr. Ramesh Arora	58.30	130.00

36.b. Balances with Related Parties

Nature of Balances	Amount (Rs. in Lacs)	
	31 st March 2023	31 st March 2022
Loan from Related Parties		
Mr. Ramesh Arora	11.70	70.00
Balance with Subsidiary		
Kwality Pharmaceuticals Africa Limitada	354.78	354.78

37. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III OF COMPANIES ACT, 2013:

37.a. The Company has complied with the number of layers prescribed under the Companies Act, 2013.

37.b. There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

37.c. The Company does not have any transactions with struck-off companies.

37.d. The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.



37.e. The previous year's figures have been regrouped wherever necessary to make it comparable with the current year.

For ARORA AGGARWAL & CO.
Chartered Accountants
(Firm Registration No. 021086N)

Sd/-
Gaurav Aggarwal
Partner
Membership Number: 098347
UDIN: 23098347BGTUVA8354

Place: Amritsar
Date:27-05-2023

For and on behalf of the Board of Directors

Sd/-
Ramesh Arora
Managing Director
DIN: 00462656

Sd/-
Gurpreet Kaur
Company Secretary

Sd/-
Ajay Kumar Arora
Whole Time Director
DIN: 00462664

Sd/-
Aditya Arora
Whole Time Director & CFO
DIN:07320410

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Kwality Pharmaceuticals Africa Limitada, Mozambique, Maputo Province, City Of Matola
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Mozambican Meticals (MZN) 1MZN = 1.28 INR as on 31 ST March 2023
4.	Share capital	88,67,500.00
5.	Reserves & surplus	(29582209.65)
6.	Total assets	21931003.91
7.	Total Outside liabilities	42645713.57
8.	Cash and Bank Balances	20,765,516.26
9.	Turnover /Total Revenue	19,28,619.53
10.	Profit before taxation	(1889273.40)
11.	Provision for taxation	-
12.	Profit after taxation	(1889273.40)
13.	Proposed Dividend	-
14.	% of shareholding	51%

Notes: 1.Names of subsidiaries which are yet to commence Operations: - Nil

2. Names of subsidiaries which have been liquidated or sold during the year: - Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:-**Not Applicable**

For and on behalf of the Board of Directors

Sd/-

Ramesh Arora
Managing Director
DIN: 00462656

Sd/-

Ajay Kumar Arora
Whole Time Director
DIN: 00462664

Sd/-

Gurpreet Kaur
Company Secretary

Sd/-

Aditya Arora
Whole Time Director & CFO
DIN:07320410

Place: Amritsar

Date: 06th September 2023



KWALITY PHARMACEUTICALS LIMITED

Registered Office:
VILLAGE NAGKALAN, MAJITHA ROAD,
AMRITSAR – 143601
(Punjab) INDIA