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GST No. 03AAACK6458M1ZB

D.L. No. 1800-OSP, 1804-B

I.E. Code No. 1293001210

**KWALITY PHARMACEUTICALS LTD.**

Regd. Office: 6<sup>th</sup> Mile Stone, Village Nag Kalan, Majitha Road, Amritsar - 143 601 (INDIA)

Phone : 91-8558820862 (Accounts)  
: 91-8558820863 (Admin.)  
: 91-9915743720 (Exports)  
M.D. Mobile : 91-9814071215, 9814052314  
E-mail : export@kwalitiypharma.com  
ramesh@kwalitiypharma.com

Date: 07-09-2022

The Department of Corporate Services,  
Bombay Stock Exchange Limited,  
PhirozeJeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001.

**Scrip Code: 539997**

**Sub: Compliance under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year ended 31st March, 2022, along with the Notice of 39<sup>th</sup> Annual General Meeting, dispatched to the members. The Annual General Meeting of the Company is scheduled to be held on Friday, the 30<sup>th</sup> day of September, 2022 at 11:30 A.M at Registered office of the Company Village Nagkalan, Majitha Road, Amritsar, Punjab-143601.

Kindly take note of the same on your records.

Thanking you.

Yours faithfully,

**For KWALITY PHARMACEUTICALS LIMITED**

*Gurpreet*

**GurpreetKaur**  
CS & Compliance Officer



# 39<sup>th</sup> ANNUAL REPORT

2021-22

## KWALITY PHARMACEUTICALS LIMITED



<p><b>BOARD OF DIRECTORS</b></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. Sachin Seth (Non-Executive &amp; Non-Independent Director)</p>	<p><b>CHIEF FINANCIAL OFFICER</b></p> <p>Mr. Aditya Arora</p>		
<p><b>AUDITORS</b>  <b>M/s ARORA AGGARWAL &amp; CO.</b>  Chartered Accountants  Address: # 1, Second Floor, J. K. Towers,  Mall Road, Amritsar – 143001.  Tel: 0183-5030348</p>	<p style="text-align: center;"><b>BANKERS</b></p> <table border="1" style="width: 100%;"> <tr> <td data-bbox="854 627 1122 827"> <p><b>HDFC Bank Limited</b>  The Mall,  Amritsar – 143001.</p> </td> <td data-bbox="1122 627 1422 827"> <p><b>Axis Bank Limited,</b>  Green Field Avenue,  Majitha Road,  Amritsar-143001.</p> </td> </tr> </table>	<p><b>HDFC Bank Limited</b>  The Mall,  Amritsar – 143001.</p>	<p><b>Axis Bank Limited,</b>  Green Field Avenue,  Majitha Road,  Amritsar-143001.</p>
<p><b>HDFC Bank Limited</b>  The Mall,  Amritsar – 143001.</p>	<p><b>Axis Bank Limited,</b>  Green Field Avenue,  Majitha Road,  Amritsar-143001.</p>		
<p><b>COMPANY SECRETARY &amp; COMPLIANCE OFFICER</b></p> <p>Ms. Gurpreet Kaur</p>	<p><b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>  BIGSHARE SERVICES PRIVATE LIMITED  1st Floor, Bharat Tin Works Building,  Opp. Vasant Oasis, Makwana Road, Marol,  Andheri (East), Mumbai – 400 059.  Tel: +91 – 022 40430200  Fax: +91 – 022 28475207  Web: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a></p>		
<p><b>REGISTERED OFFICE</b>  Village Nagkalan, Majitha Road, Amritsar,  Punjab – 143601, India  <b>Tel: 8558820862</b>  <b>Website:</b> <a href="http://www.kwalitypharma.com">www.kwalitypharma.com</a>,  <b>E-mail:</b> <a href="mailto:cs@kwalitypharma.com">cs@kwalitypharma.com</a></p>	<p><b>ANNUAL GENERAL MEETING</b>  <b>ON FRIDAY SEPTEMBER 30, 2022 AT 11:30 A.M. AT VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601</b></p>		

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**FROM THE MANAGING DIRECTOR'S DESK**

**Dear Shareholder,**

Fiscal 22 was a very challenging year for all of us as due to COVID-19 second wave, geopolitical tensions, and high inflation across most of the economies.

However, vaccination efforts undertaken in India and globally have truly played a great role in containing its negative impact. India's vaccination drive was extraordinary to say the least. On geopolitical front we hope and pray that the Ukraine/Russia conflicts end soon, and that China and U.S. relations also improve. With central banks increasing interest rates across most countries should help rein in inflation.

Turning to Kwality's own performance over the past year; company had its highest ever revenues and profits aided by sales of drugs used for COVID treatment. The company's FY22 total consolidated revenues from operations for FY22 increased by 74% to Rs 456.2 cr from Rs 262 cr compared with the same period a year ago. This growth was due to increased exports to new geographies and sale of COVID related products in the first half. The company now exports to over 60+ countries.

EBITDA grew to Rs 175.2 cr from Rs 30.4 cr compared with the year ago period. While EBITDA margin stood at 38.4%. Margins grew across the board due to increased sales of high margin injectables which accounted for 70% of its total sales and better capacity utilization. Net profit too increased to Rs 120 cr from Rs 15 cr compared with the same period a year ago.

The company has ploughed back its profits into building two new plants, upgrading existing infrastructure and new product development. It also continues to invest in registering its products across emerging markets at a rapid pace and is in position to get many audit approvals for its existing and new plants in the next two years.

Kwality Pharma aims to be a leading exporter of generic formulations with focus on complex injectable products. It has five state of the art manufacturing facilities. The company has built strong capabilities in developing complex long acting injectables using microsphere technology. It also has Liposomal, Lyophilized and Protein based injectables in its portfolio. It continues to invest in Research & Development which has allowed the company to build a healthy pipeline of complex molecules which are going off-patent in the next few years.

Kwality expects its R&D driven complex injectable portfolio, new partnerships & product registrations and expansion into new geographies will drive growth in the coming years.

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.

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

**With Warm Regards**

**Ramesh Arora  
Managing Director**



**KWALITY PHARMACEUTICALS LIMITED**

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

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

Email Id:-[ramesh@kwalitypharma.com](mailto:ramesh@kwalitypharma.com); Website :- [www.kwalitypharma.com](http://www.kwalitypharma.com)

**Notice**

Notice is hereby given that the **39<sup>th</sup> Annual General Meeting** of the members of **KWALITY PHARMACEUTICALS LIMITED** will be held on **Friday 30<sup>th</sup> September, 2022** at 11:30 A.M. at the Registered Office of the Company at **VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601** 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, 2022, 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, 2022 and the Report of the Auditors thereon.
2. To appoint a Director in place of **Mrs. Anju Arora, (DIN: 03155641)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for reappointment.
3. To appoint a Director in place of **Mrs. Geeta Arora, (DIN : 03155615)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act,2013 and being eligible, offers herself for re-appointment.

**SPECIAL BUSINESS:**

**4. Regularization of Mr. Sachin Seth (DIN: 00466950) as a Non-Executive and Non- Independent Director of the Company**

To Consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of the Section 149, 152 , 161(1) and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sachin Seth (DIN:00466950), who was appointed as an Additional Director(Non-Executive & Non-Independent) by the Board of Directors with effect from August 04, 2022, in terms of Section 161(1) of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as **(Non-Executive & Non-Independent) Director** of the Company, liable to retire by rotation.



**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, as it may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to this resolution.”

**5. Revision in Remuneration of Mr. Ramesh Arora (DIN: 00462656), Managing Director of the Company**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable clauses of Memorandum and Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors, approval of the members be and is hereby accorded for the revision in remuneration of **Mr. RAMESH ARORA (DIN: 00462656)**, Managing Director of the Company from the existing Rs. 3,50,000/- per month to Rs. 5,00,000/- per month with effect from 01-10-2022 for the remaining period of his tenure with the liberty to the Board of Directors to alter and vary the terms and conditions of his remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

“**RESOLVED FURTHER THAT** in addition to the fixed remuneration, he will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") and these perquisites and allowances may be granted to the Managing Director in such forms and manner as the Board may decide.

- a) Company car with driver for official use.
- b) Payment/Reimbursement of telephone Expenses.
- c) Food Facility at office
- d) Other perquisites, allowances, benefits and amenities as per the service rules of the Company applicable from time to time
- e) Credit Card Facility

“**RESOLVED FURTHER THAT** the aforesaid remuneration shall be paid as the minimum remuneration in accordance with the provisions of Part II of Schedule V of the Act, even if in any year, during the tenure of the managerial personnel, the company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company's performance and subject to necessary approvals, if any.”



**"RESOLVED FURTHER THAT** the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**6. Revision in Remuneration of Mr. Ajay Kumar Arora (DIN: 00462664), Whole Time Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable clauses of Memorandum and Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors, approval of the members be and is hereby accorded for the revision in remuneration of **Mr. AJAY KUAMR ARORA (DIN: 00462664)**, Whole Time Director of the Company from the existing Rs. 3,50,000/- per month to Rs. 5,00,000/- per month with effect from 01-10-2022 for the remaining period of his tenure with the liberty to the Board of Directors to alter and vary the terms and conditions of his remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

**"RESOLVED FURTHER THAT** in addition to the fixed remuneration, he will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") and these perquisites and allowances may be granted to the Whole Time Director in such forms and manner as the Board may decide.

- a) Company car with driver for official use.
- b) Payment/Reimbursement of telephone Expenses.
- c) Food Facility at office
- d) Other perquisites, allowances, benefits and amenities as per the service rules of the Company applicable from time to time
- e) Credit Card Facility

**"RESOLVED FURTHER THAT** the aforesaid remuneration shall be paid as the minimum remuneration in accordance with the provisions of Part II of Schedule V of the Act, even if in any year, during the tenure of the managerial personnel, the company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company's performance and subject to necessary approvals, if any."

**"RESOLVED FURTHER THAT** the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**7. Revision in Remuneration of Mrs. Anju Arora (DIN: 03155641), Whole Time Director of the Company**





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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable clauses of Memorandum and Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors, approval of the members be and is hereby accorded for the revision in remuneration of **Mrs. ANJU ARORA (DIN: 03155641)**, Whole Time Director of the Company from the existing Rs. 1,50,000/- per month to Rs. 2,00,000/- per month with effect from 01-10-2022 for the remaining period of her tenure with the liberty to the Board of Directors to alter and vary the terms and conditions of her remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

**“RESOLVED FURTHER THAT** in addition to the fixed remuneration, she will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") and these perquisites and allowances may be granted to the Whole Time Director in such forms and manner as the Board may decide.

- a) Company car with driver for official use.
- b) Payment/Reimbursement of telephone Expenses.
- c) Food Facility at office
- d) Other perquisites, allowances, benefits and amenities as per the service rules of the Company applicable from time to time
- e) Credit Card Facility

**“RESOLVED FURTHER THAT** the aforesaid remuneration shall be paid as the minimum remuneration in accordance with the provisions of Part II of Schedule V of the Act, even if in any year, during the tenure of the managerial personnel, the company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company’s performance and subject to necessary approvals, if any.”

**“RESOLVED FURTHER THAT** the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**8. Revision in Remuneration of Mrs. Geeta Arora (DIN: 03155615), Whole Time Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and





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Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable clauses of Memorandum and Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors, approval of the members be and is hereby accorded for the revision in remuneration of **Mrs. GEETA ARORA (DIN: 03155615)**, Whole Time Director of the Company from the existing Rs. 1,50,000/- per month to Rs. 2,00,000/- per month with effect from 01-10-2022 for the remaining period of her tenure with the liberty to the Board of Directors to alter and vary the terms and conditions of her remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

**“RESOLVED FURTHER THAT** in addition to the fixed remuneration, she will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") and these perquisites and allowances may be granted to the Whole Time Director in such forms and manner as the Board may decide.

- a) Company car with driver for official use.
- b) Payment/Reimbursement of telephone Expenses.
- c) Food Facility at office
- d) Other perquisites, allowances, benefits and amenities as per the service rules of the Company applicable from time to time
- e) Credit Card Facility

**“RESOLVED FURTHER THAT** the aforesaid remuneration shall be paid as the minimum remuneration in accordance with the provisions of Part II of Schedule V of the Act, even if in any year, during the tenure of the managerial personnel, the company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company’s performance and subject to necessary approvals, if any.”

**“RESOLVED FURTHER THAT** the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### **9. Revision in Remuneration of Mr. Aditya Arora (DIN: 07320410), Whole Time Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable clauses of Memorandum and Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors, approval of the members be and is hereby accorded for the revision in remuneration of **Mr. ADITYA ARORA (DIN: 07320410)**, Whole Time Director of the Company from the existing Rs. 2,50,000/- per month to Rs. 3,50,000/- per month



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with effect from 01-10-2022 for the remaining period of his tenure with the liberty to the Board of Directors to alter and vary the terms and conditions of his remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

**“RESOLVED FURTHER THAT** in addition to the fixed remuneration, he will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") and these perquisites and allowances may be granted to the Whole Time Director in such forms and manner as the Board may decide.

- a) Company car with driver for official use.
- b) Payment/Reimbursement of telephone Expenses.
- c) Food Facility at office
- d) Other perquisites, allowances, benefits and amenities as per the service rules of the Company applicable from time to time
- e) Credit Card Facility

**“RESOLVED FURTHER THAT** the aforesaid remuneration shall be paid as the minimum remuneration in accordance with the provisions of Part II of Schedule V of the Act, even if in any year, during the tenure of the managerial personnel, the company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company’s performance and subject to necessary approvals, if any.”

**“RESOLVED FURTHER THAT** the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

### **10. 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 31<sup>st</sup> March, 2023.”

**By Order Of the Board**

**Sd/-**

**(GURPREET KAUR)**

**Company Secretary & Compliance Officer**

**Place:- Amritsar**

**Date:- 06<sup>th</sup> September 2022**



**NOTES**

1. The relevant Explanatory Statements pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, are annexed hereto and forms part of this notice.
2. The information required pursuant to SEBI (LODR) Regulations, 2015 about director(s) proposed to be reappointed/appointed is given as an Annexure to this notice.
3. 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 e-Voting's agency.
4. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty eight (48) hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

5. Electronic copy of the Annual Report along with the notice of the 39<sup>th</sup> Annual General Meeting of the Company for year ended 31.03.2022 is being sent to all the members whose email ids are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report along with notice for year ended 31.03.2022 is being sent in the permitted mode.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 24<sup>th</sup> September, 2022 to Friday 30<sup>th</sup> September, 2022.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Relevant documents, if any, referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
9. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a



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certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.

10. All Members are requested to intimate immediately any change in their address to Company's Registrar and Share Transfer Agent **Bigshare Services Pvt. Ltd at 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai, Maharashtra-400059.** (Board No. : 022 62638200, Fax No: 022 62638299, Email: investor@bigshareonline.com, Website: [www.bigshareonline.com](http://www.bigshareonline.com))
  - Send all correspondence relating to transfer and transmission of shares to Registrar and Transfer Agent and not to the Company.
  - Quote their Folio No. / Client ID No. in their correspondence with the Registrar and Share Transfer Agent.
  - Intimate Registrar and Share Transfer Agent 'M/s Big share Services Private Limited' for consolidation of folios, in case having more than one folio.
  - Bring their copies of annual report and attendance slip with them at the meeting.
11. 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.
12. 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.
13. 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.
14. Members who wish to claim dividend which remain unclaimed, are requested either to correspond with the Secretarial Department at the Company's registered office or with the Company's Registrar and Share Transfer Agent (Big Share Services Pvt. Ltd.) for revalidation.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or the Company's Share Registrars and Transfer Agents.



16. Shareholders desiring any information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
17. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
18. Members may please note that no gifts, gift coupons, or cash in lieu of gifts will be distributed at meeting, in compliance with Section 118(10) of the Companies Act, 2013 and the Secretarial Standards issued by Institute of Company Secretaries of India.
19. Members are requested to give their valuable suggestions for improvement of the services and are also advised to quote their E-mail Id's, telephone no. for prompt reply of their communications.
20. Non-Resident Indian Members are requested to inform National Securities Depository Limited (NSDL) via e-mail [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of bank with pin code number, if not furnished earlier.
21. 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.

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

**The remote e-voting period begins on Tuesday , 27<sup>th</sup> September, 2022 at 9:00 A.M. and ends on Thursday, 29<sup>th</sup> September, 2022 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. 23<sup>rd</sup> September, 2022 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 23<sup>rd</sup> September, 2022.**

**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 for Individual shareholders holding securities in demat mode**



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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>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ 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 “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>2. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li><li>3. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li></ol>



**NSDL Mobile App is available on**



Individual Shareholders holding securities in demat mode with CDSL

1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on New System Myeasi.
2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote.
3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in [www.cdslindia.com](http://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 provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.





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
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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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting 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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address 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.
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](mailto:rmittalcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote at [evoting@nsdl.co.in](mailto: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@kwalitypharma.com](mailto:cs@kwalitypharma.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@kwalitypharma.com](mailto:cs@kwalitypharma.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 for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.



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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.
23. Any person who have acquired shares of the company and becomes member of the company after the dispatch of the Annual Report and holding shares as on the cut –off date may obtain the User Id and Password by referring e-voting instructions given in the Notice which is uploaded on our website at [www.kwalitypharma.com](http://www.kwalitypharma.com).
24. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
25. The Members who have not casted their vote by remote e-voting prior to the AGM can exercise their voting rights at the AGM. The Members who have already exercised their right to vote by remote e-voting may attend the AGM but shall not be entitled to vote at the AGM. If any Member casts vote again at the AGM, then votes casts through remote e-voting facility shall prevail and voting at the Meeting will be treated invalid.
26. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Ownership maintained by the RTA/Depositories, as the case may be, as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the Member of the Company as on the cut-off date will not be entitled for remote e-voting or voting at the AGM and should treat this Notice for information purpose only.
27. A member can opt for only one mode of voting i.e. either through remote e- voting or voting on the day of the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail.
28. Mr. Rishi Mittal, (Membership No. A12613) Proprietor of M/s. Rishi Mittal & Associates, Practicing Company Secretaries has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
29. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of polling paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
30. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.



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31. The Results declared along-with the Scrutinizer's Report shall be placed on the Company's website [www.kwalitypharma.com](http://www.kwalitypharma.com) within two working days of passing of the resolutions at the 39<sup>TH</sup> Annual General Meeting of the Company and shall be communicated to BSE Limited, where the shares of the Company are listed.

**By Order Of the Board**

**Sd/-**

**(GURPREET KAUR)**

**Company Secretary & Compliance Officer**

**Place:- Amritsar**

**Date:- 06<sup>th</sup> September 2022**

**Explanatory Statement(s) Pursuant to Section 102 (1) of the Companies Act, 2013****Item No.4**

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, have appointed **Mr. Sachin Seth (DIN: 00466950)** as an Additional Director of the Company in capacity of **Non-Executive & Non- Independent** with effect from August 04, 2022 liable to retire by rotation, subject to consent by the Members of the Company at the 39<sup>th</sup> Annual General Meeting.

The Company has received from Mr. Sachin Seth, consent in writing to act as Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

In terms of Section 160 of the Act, the Company has received notice in writing from a member proposing the candidature of Mr. Sachin Seth for appointment.

Details pursuant to Reg. 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is attached as Annexure- I.

Following are the details of Mr. Sachin Seth (DIN: 00466950) in accordance with para 1.2.5 of the Secretarial Standards on General Meetings (SS-2):

Sr. No	Particulars	Details
1.	Age	45 Years
2.	Date of Birth	06/04/1977
3.	Qualification	Graduate
4.	Experience	21 Years' experience in Pharmaceuticals Sector
5.	Terms and Condition of Appointment	As per provisions of Companies Act, 2013
6.	Remuneration sought to be paid	N.A.
7.	Remuneration last drawn	N.A.
8.	Details of Shareholding in the Company	NIL
9.	Number of Board Meetings Attended during the year (since his appointment as Additional Director)	NIL
10.	Details of relationship with other Directors, Managers and Key Managerial Personnel of the Company	Brother of Mrs. Geeta Arora, Brother in law of Mr. Ajay Kumar Arora and Uncle of Mr. Aditya Arora, directors and also relative of directors Mr. Ramesh Arora & Mrs. Anju Arora.





11.	Membership/Chairmanship of Committees of other Company's Board	NIL
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Except Mr. Sachin Seth, Appointee and Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Geeta Arora, Mrs. Anju Arora & Mr. Aditya Arora, directors being relatives of Mr. Sachin Seth, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 4 of the accompanying Notice.

The board hereby recommends passing of the said resolution set out at item no. 4 by the members as an Ordinary Resolution.

#### **Item No.5**

**Mr. Ramesh Arora** was re-appointed as a Managing Director of the Company for a period of 5 years effective from 16<sup>th</sup> January, 2021 by the Board of Directors in its meeting held on 15<sup>th</sup> January, 2021 and his appointment was approved by the Shareholders of the Company in their Annual General Meeting held on 30<sup>th</sup> September, 2021.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2022 recommended revision in remuneration of **Mr. RAMESH ARORA** for payment of Rs. 5,00,000/- (Rupees Five Lakhs Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2022, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period and which was further approved by the Board of Directors at their Meeting held on September 06, 2022 subject to further approval of Members at the forthcoming Annual General Meeting

A statement referred to in Section II, Part II of Schedule V, of the Companies Act, 2013 is stated below:

#### **I. General Information**

(1).	Nature of Industry	Pharmaceuticals (manufacturing)
(2).	Date of commencement of commercial production	04-05-1983 (date of Incorporation)
(3).	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	Not applicable
(4).	Financial Performance based on given indicators	Please refer to the Financial results in Annual Report.
(5).	Foreign investments or collaborations, if any	NIL

#### **II. INFORMATION ABOUT THE APPOINTEE**

(1).	Background details	Mr. Ramesh Arora is on board of Company since inception and has more than 4 decades of experience in the areas of management, marketing
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		strategies and overall administration control and supervision.
(2).	Past Remuneration	Rs. 3,50,000/- per month
(3).	Recognition or awards	The Company has received various awards and recognition during his Tenure.
(4).	Job Profile and his suitability	4 decades experience in the areas of management, marketing strategies, administration control and supervision. Having spent a long time in the industry and the moving spirit of the Company, he is best suited to take up the job.
(5).	Remuneration proposed	As set out in the resolution for the item no. 5 of the notice
(6).	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration is in tune with the current remuneration packages of the similar industry at this level, qualifications and experience of the appointee and the responsibilities shouldered by him.
(7).	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Mrs. Anju Arora (Whole Time Director) Wife Mr. Ajay Kumar Arora (Whole Time Director) Brother Mrs. Geeta Arora (Whole Time Director) Brother's wife Mr. Aditya Arora (Whole Time Director & CFO) Brother's Son Mr. Sachin Seth (Additional Director) Relative
(8).	Reasons for Losses / Inadequate profits	There are no losses however, there may be inadequate profits due to hike in the interest rate, rising running cost, challenging business environment, adverse market conditions and due to change in government policy.
(9).	Steps taken or proposed to be taken for improvement	Company is working towards improving plant efficiencies. Company is taking initiatives in increasing efficiency and cost reduction making progress in turnover. Company is also striving for better efficiency of manufacturing facility by adopting Energy Management Systems, debottlenecking of processes, cost reductions and sales maximization.



(10).	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the revision in remuneration of Mr. Ramesh Arora, Managing Director.

Except Mr. Ramesh Arora, Appointee and Mr. Ajay Kumar Arora, Mrs. Geeta Arora, Mrs. Anju Arora, Mr. Aditya Arora & Mr. Sachin Seth, directors being relatives of Mr. Ramesh Arora, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 5 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval of the Members.

#### **Item No.6**

**Mr. Ajay Kumar Arora** was re-appointed as Whole Time Director of the Company for a period of 5 years effective from 16<sup>th</sup> January, 2021 by the Board of Directors in its meeting held on 15<sup>th</sup> January, 2021 and his appointment was approved by the Shareholders of the Company in their Annual General Meeting held on 30<sup>th</sup> September, 2021.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2022 recommended revision in remuneration of **Mr. AJAY KUMAR ARORA** for payment of Rs. 5,00,000/- (Rupees Five Lakhs Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2022, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period and which was further approved by the Board of Directors at their Meeting held on September 06, 2022 subject to further approval of Members at the forthcoming Annual General Meeting

A statement referred to in Section II, Part II of Schedule V, of the Companies Act, 2013 is stated below:

#### I. General Information

(1).	Nature of Industry	Pharmaceuticals (manufacturing)
(2).	Date of commencement of commercial production	04-05-1983 (date of Incorporation)
(3).	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	Not applicable



(4).	Financial Performance based on given indicators	Please refer to the Financial results in Annual Report.
(5).	Foreign investments or collaborations, if any	NIL

**II. INFORMATION ABOUT THE APPOINTEE**

(1).	Background details	Mr. Ajay Kumar Arora has more than 3 decades of experience in the overall operations of Company. Under his leadership, Company has made a strong presence in the Pharmaceutical Sector today. He is adept to the new technological changes taking place in the Industry all over the world.
(2).	Past Remuneration	Rs. 3,50,000/- per month
(3).	Recognition or awards	The Company has received various awards and recognition during his Tenure.
(4).	Job Profile and his suitability	3 decades of experience in the overall operations of Company. He is responsible to procure the inputs for the company. He is also responsible for structural development of the company and engineering department.
(5).	Remuneration proposed	As set out in the resolution for the item no. 6 of the notice
(6).	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is in tune with the current remuneration packages of the similar industry at this level, qualifications and experience of the appointee and the responsibilities shouldered by him.
(7).	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Mrs. Anju Arora (Whole Time Director) Brother's Wife Mr. Ramesh Arora (Managing Director) Brother Mrs. Geeta Arora (Whole Time Director) Wife Mr. Aditya Arora (Whole Time Director & CFO) Son Mr. Sachin Seth (Additional Director) Wife's Brother
(8).	Reasons for Losses / Inadequate profits	There are no losses however, there may be inadequate profits due to hike in the interest rate, rising running cost, challenging business environment, adverse market conditions and due to



		change in government policy.
(9).	Steps taken or proposed to be taken for improvement	Company is working towards improving plant efficiencies. Company is taking initiatives in increasing efficiency and cost reduction making progress in turnover. Company is also striving for better efficiency of manufacturing facility by adopting Energy Management Systems, debottlenecking of processes, cost reductions and sales maximization.
(10).	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the revision in remuneration of Mr. Ajay Kumar Arora, Whole Time Director.

Except Mr. Ajay Kumar Arora, Appointee and Mr. Ramesh Arora, Mrs. Geeta Arora, Mrs. Anju Arora, Mr. Aditya Arora & Mr. Sachin Seth, directors being relatives of Mr. Ajay Kumar Arora, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 6 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval of the Members.

#### **Item No.7**

**Mrs. Anju Arora** was re-appointed as Whole Time Director of the Company for a period of 5 years effective from 16<sup>th</sup> January, 2021 by the Board of Directors in its meeting held on 15<sup>th</sup> January, 2021 and her appointment was approved by the Shareholders of the Company in their Annual General Meeting held on 30<sup>th</sup> September, 2021.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2022 recommended revision in remuneration of **Mrs. ANJU ARORA** for payment of Rs. 2,00,000/- (Rupees Two Lakhs Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2022, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period and which was further

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approved by the Board of Directors at their Meeting held on September 06, 2022 subject to further approval of Members at the forthcoming Annual General Meeting.

A statement referred to in Section II, Part II of Schedule V, of the Companies Act, 2013 is stated below:

**I. General Information**

(1).	Nature of Industry	Pharmaceuticals (manufacturing)
(2).	Date of commencement of commercial production	04-05-1983 (date of Incorporation)
(3).	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	Not applicable
(4).	Financial Performance based on given indicators	Please refer to the Financial results in Annual Report.
(5).	Foreign investments or collaborations, if any	NIL

**I. INFORMATION ABOUT THE APPOINTEE**

(1).	Background details	<b>Mrs. ANJU ARORA</b> , is Whole Time Director of Company. She has completed her Bachelor of Arts from Amritsar. She is on the Board of the Company since 2010.
(2).	Past Remuneration	Rs. 1,50,000/- per month
(3).	Recognition or awards	N.A.
(4).	Job Profile and his suitability	She oversees day to day marketing operations of the Company.
(5).	Remuneration proposed	As set out in the resolution for the item no. 7 of the notice
(6).	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is in tune with the current remuneration packages of the similar industry at this level, qualifications and experience of the appointee and the responsibilities shouldered by her.
(7).	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Mr. Ramesh Arora (Managing Director) Husband Mrs. Geeta Arora (Whole Time Director) Husband's Brother's wife Mr. Ajay Kumar Arora (Whole Time Director) Husband's Brother Mr. Aditya Arora(Whole Time Director & CFO) Husband's Brother's Son Mr. Sachin Seth (Additional Director) Relative



(8).	Reasons for Losses / Inadequate profits	There are no losses however, there may be inadequate profits due to hike in the interest rate, rising running cost, challenging business environment, adverse market conditions and due to change in government policy.
(9).	Steps taken or proposed to be taken for improvement	Company is working towards improving plant efficiencies. Company is taking initiatives in increasing efficiency and cost reduction making progress in turnover. Company is also striving for better efficiency of manufacturing facility by adopting Energy Management Systems, debottlenecking of processes, cost reductions and sales maximization.
(10).	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the revision in remuneration of **Mrs. ANJU ARORA**, Whole Time Director.

Except **Mrs. ANJU ARORA**, Appointee and Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Geeta Arora, Mr. Aditya Arora & Mr. Sachin Seth, directors being relatives of **Mrs. ANJU ARORA**, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 7 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval of the Members.

#### **Item No.8**

**Mrs. Geeta Arora** was re-appointed as Whole Time Director of the Company for a period of 5 years effective from 16<sup>th</sup> January, 2021 by the Board of Directors in its meeting held on 15<sup>th</sup> January, 2021 and her appointment was approved by the Shareholders of the Company in their Annual General Meeting held on 30<sup>th</sup> September, 2021.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2022 recommended revision in remuneration of **Mrs. GEETA ARORA** for payment of Rs. 2,00,000/- (Rupees Two Lakhs Only) per month with Perquisites and Allowances for a





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period of three (3) years, with effect from October 01, 2022, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period and which was further approved by the Board of Directors at their Meeting held on September 06, 2022 subject to further approval of Members at the forthcoming Annual General Meeting.

A statement referred to in Section II, Part II of Schedule V, of the Companies Act, 2013 is stated below:

### II. General Information

(1).	Nature of Industry	Pharmaceuticals (manufacturing)
(2).	Date of commencement of commercial production	04-05-1983 (date of Incorporation)
(3).	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	Not applicable
(4).	Financial Performance based on given indicators	Please refer to the Financial results in Annual Report.
(5).	Foreign investments or collaborations, if any	NIL

### II. INFORMATION ABOUT THE APPOINTEE

(1).	Background details	<b>Mrs. GEETA ARORA</b> , is Whole Time Director of Company. She has completed her Master of Arts from Amritsar. She is on the Board of the Company since 2010.
(2).	Past Remuneration	Rs. 1,50,000/- per month
(3).	Recognition or awards	N.A.
(4).	Job Profile and her suitability	She oversees Human Resource and Management Operations of the Company.
(5).	Remuneration proposed	As set out in the resolution for the item no. 8 of the notice
(6).	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is in tune with the current remuneration packages of the similar industry at this level, qualifications and experience of the appointee and the responsibilities shouldered by her.
(7).	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Mr. Ramesh Arora (Managing Director) Husband's Brother Mrs. Anju Arora (Whole Time Director) Husband's Brother's wife Mr. Ajay Kumar Arora (Whole Time Director) Husband Mr. Aditya Arora (Whole Time Director & CFO) Son



		Mr. Sachin Seth (Additional Director) Brother
(8).	Reasons for Losses / Inadequate profits	There are no losses however, there may be inadequate profits due to hike in the interest rate, rising running cost, challenging business environment, adverse market conditions and due to change in government policy.
(9).	Steps taken or proposed to be taken for improvement	Company is working towards improving plant efficiencies. Company is taking initiatives in increasing efficiency and cost reduction making progress in turnover. Company is also striving for better efficiency of manufacturing facility by adopting Energy Management Systems, debottlenecking of processes, cost reductions and sales maximization.
(10).	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the revision in remuneration of **Mrs. Geeta Arora**, Whole Time Director.

Except **Mrs. Geeta Arora**, Appointee and Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Anju Arora, Mr. Aditya Arora & Mr. Sachin Seth, directors being relatives of **Mrs. Geeta Arora**, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 8 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval of the Members.

#### **Item No.9**

**Mr. Aditya Arora** was re-appointed as Whole Time Director of the Company for a period of 5 years by the Shareholders of the Company in their Annual General Meeting held on 30<sup>th</sup> September, 2021 effective from September 30, 2021.



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Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2022 recommended revision in remuneration of **Mr. ADITYA ARORA** for payment of Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2022, subject to other approvals if any required, in the absence of or inadequacy of profits in any financial year(s) during such period and which was further approved by the Board of Directors at their Meeting held on September 06, 2022 subject to further approval of Members at the forthcoming Annual General Meeting.

A statement referred to in Section II, Part II of Schedule V, of the Companies Act, 2013 is stated below:

#### III. General Information

(1).	Nature of Industry	Pharmaceuticals (manufacturing)
(2).	Date of commencement of commercial production	04-05-1983 (date of Incorporation)
(3).	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus	Not applicable
(4).	Financial Performance based on given indicators	Please refer to the Financial results in Annual Report.
(5).	Foreign investments or collaborations, if any	NIL

#### III. INFORMATION ABOUT THE APPOINTEE

(1).	Background details	<b>Mr. Aditya Arora</b> , is Whole Time Director and CFO of our Company. He is an active, energetic, dynamic and assisting to take the company in the growth path.
(2).	Past Remuneration	Rs. 2,50,000/- per month
(3).	Recognition or awards	N.A.
(4).	Job Profile and his suitability	Mr. Aditya Arora who has joined the company in the year 2015 has worked in different departments of the company for training purpose and to know the totality of business. He has shown interest in the growth of the company and has selected Quality assurance and Quality control as his main profile. His profile was accepted by the management. The reason for his selection that he has seen the possibility growth of the company lies in the registration of company and its products in the different countries and meets the requirement of their



		regulatory.
(5).	Remuneration proposed	As set out in the resolution for the item no. 9 of the notice
(6).	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The proposed remuneration is in tune with the current remuneration packages of the similar industry at this level, qualifications and experience of the appointee and the responsibilities shouldered by him.
(7).	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:	Mrs. Anju Arora (Whole Time Director) Father's Brother's Wife Mr. Ramesh Arora (Managing Director) Father's Brother Mrs. Geeta Arora (Whole Time Director) Mother Mr. Ajay Kumar Arora (Whole Time Director) Father Mr. Sachin Seth (Additional Director) Maternal Uncle
(8).	Reasons for Losses / Inadequate profits	There are no losses however, there may be inadequate profits due to hike in the interest rate, rising running cost, challenging business environment, adverse market conditions and due to change in government policy.
(9).	Steps taken or proposed to be taken for improvement	Company is working towards improving plant efficiencies. Company is taking initiatives in increasing efficiency and cost reduction making progress in turnover. Company is also striving for better efficiency of manufacturing facility by adopting Energy Management Systems, debottlenecking of processes, cost reductions and sales maximization.
(10).	Expected increase in productivity and profits in measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the revision in remuneration of Mr. Aditya Arora, Whole Time Director.



Except **Mr. Aditya Arora**, Appointee and Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Geeta Arora, Mr. Anju Arora & Mr. Sachin Seth directors being relatives of **Mr. Aditya Arora**, none of the other Directors and/or Key Managerial Personnel (KMP) or relatives of other directors and KMP are concerned or interested either financially or otherwise in the Resolution at Item No. 9 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval of the Members.

**Item No.10**

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, 2023. 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.10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2023.

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.10 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.10 of the Notice for approval by the members.

**Place: Amritsar**  
**Date: 06 September, 2022**

**By Order of the Board**  
**Sd/-**  
**Gurpreet Kaur**  
**Company Secretary & Compliance Officer**

**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 31 <sup>st</sup> March, 2022
<b>ANJU ARORA</b> (DIN: <b>03155641</b> )	<b>01/02/1962</b>	Mrs. Anju Arora aged 60 years is bachelor of Arts. She started her career with the Company in 2010. She has an experience of more than sixteen years in Marketing.	<b>Other Directorship:- Nil</b>  Committee positions held in Kwality Pharmaceuticals Limited:- <b>Member in Stakeholders Relationship Committee.</b>  Committee Positions held in other Public Companies: <b>Nil</b>  Relationship with other Directors:- <b>Relative of Directors Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mr. Aditya Arora, Mrs. Geeta Arora and Mr. Sachin Seth</b>  Names of listed entities from which the person has resigned in the past three years:- <b>Nil</b>  No. of Shares held in the Company:- <b>135634</b>
<b>GEETA ARORA</b> (DIN: <b>03155615</b> )	<b>29/11/1970</b>	Mrs. Geeta Arora aged 51 years is M.A. She started her career with the Company in 2010. She has an experience of fifteen years in Administration.	<b>Other Directorship :- Nil</b>  Committee positions held in Kwality Pharmaceuticals Limited:- <b>Member in Stakeholders Relationship Committee &amp; Chairperson in CSR Committee.</b>  Committee Positions held in other Public Companies: <b>Nil</b>  Names of listed entities from which the person has resigned in the past three years:- <b>Nil</b>



			<p>Relationship with other Directors:- <b>Relative of Directors Mr. Ajay Kumar Arora, Mr. Aditya Arora, Mr. Ramesh Arora, Mrs. Anju Arora and Mr. Sachin Seth</b></p> <p>No. of Shares held in the Company:- <b>111500</b></p>
<b>SACHIN SETH (DIN: 00466950)</b>	06/04/1977	Mr. Sachin Seth aged 45 Years is Graduate in B.Sc. Medical from DAV College, Amritsar. He has 21 years experience in the Pharmaceuticals Sector.	<p><b>Other Directorship :- Nil</b></p> <p>Committee positions held in Kwality Pharmaceuticals Limited:- <b>NIL</b></p> <p>Committee Positions held in other Public Companies: <b>Nil</b></p> <p><b>Names of listed entities from which the person has resigned in the past three years:- Nil</b></p> <p>Relationship with other Directors:- <b>Relative of Directors Mr. Ajay Kumar Arora, Mr. Aditya Arora, Mr. Ramesh Arora, Mrs. Anju Arora and Mrs. Geeta Arora</b></p> <p>No. of Shares held in the Company on 31-03-2022:- <b>25620</b> No. of Shares held in the Company on 06-09-2022:- <b>NIL</b></p>

Place: Amritsar  
Date: 06<sup>th</sup> September, 2022

By Order of the Board  
Sd/-

(GURPREET KAUR)  
Company Secretary & Compliance Officer

**DIRECTORS' REPORT**

To

**The Members  
KQUALITY PHARMACEUTICALS LIMITED.**

Your Directors have pleasure in presenting the **39<sup>th</sup> Annual Report** of **KQUALITY PHARMACEUTICALS LIMITED** along with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022.

**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	
	2021-22	2020-21	2021-22	2020-21
Revenue from operations	45613.16	26150.27	45618.52	26201.44
Other Income	351.19	158.76	351.19	158.76
Total Income	45964.35	26309.03	45969.71	26360.20
Less:- Depreciation and amortisation expenses	1064.41	643.61	1069.07	649.30
Less:- Finance cost	291.73	261.23	291.73	267.16
Less:- Other Expenses	28440.73	23224.28	28452.22	23316.58
Profit Before Tax	16167.48	2179.91	16156.69	2127.16
Less: Provision for Taxation				
Current Tax	4100.00	580.00	4100.00	580.00
Deferred Tax	27.46	16.23	27.46	16.23
Tax for earlier Years	35.37	42.18	35.37	42.18
Profit/(Loss) After Tax For The Year	12004.65	1541.50	11993.86	1488.75
Add/(Less) Minority interest in Subsidiary profits	NIL	NIL	5.29	25.84
Profit/(Loss) For The Year	12004.65	1541.50	11999.15	1514.59

**2) PERFORMANCE REVIEW**

During the year under review, on standalone basis, revenue of the company was Rs. 45964.35 Lakhs as compared to Rs. 26309.03 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 12004.65 Lakhs as compared to Rs. 1541.50 Lakhs in the previous year.





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On consolidated basis, revenue of the company was Rs.45969.71 Lakhs as compared to Rs. 26360.20 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs.11993.86 Lakhs as compared to Rs. 1488.75 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 2021-22.

### **5) RESERVES**

During the financial year under review, your Company has not transferred any amount to the general reserve.

### **6) MIGRATION TO MAIN BOARD OF BSE LIMITED**

The Company had 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 09<sup>th</sup> April 2022 and received the final approval from BSE Limited on 10<sup>th</sup> June, 2022. Accordingly, Equity Shares of the Company are listed on the Main Board of BSE Limited with effect from 13<sup>th</sup> June, 2022. The Annual Listing Fee for the year 2021-22 has been paid.

### **7) ANNUAL RETURN**

The Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at [https://www.kwalitypharma.com/investor\\_relations.php](https://www.kwalitypharma.com/investor_relations.php)

### **8) 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.

### **9) NON APPLICABILITY OF THE INDIAN ACCOUNTING STANDARDS (IND-AS)**

As per proviso to regulation Rule 4(1) of the Companies (Indian Accounting Standards) Rules, 2015 notified vide Notification No. G.S.R.111 (E) on 16th Feb., 2015, Companies whose shares are listed on SME exchange as referred to in Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, are exempted from the compulsory requirement of adoption of IND-AS w.e.f. 1<sup>st</sup> April, 2017. As your Company's shares were traded on SME Platform of BSE Limited during the financial year 2021-22 and migrated to main board of BSE on 10<sup>th</sup> June 2022 i.e. after announcement of annual



financial results for y.e. 31-03-2022 on 28-05-2022 so it was covered under the exempted category till this date and was not required to comply with IND-AS for preparation of financial statements for financial year 2021-22.

## **10) 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. Appointment**

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, have appointed **Mr. Sachin Seth (DIN: 00466950)** as an Additional Director of the Company in capacity of **Non-Executive & Non- Independent** with effect from August 04, 2022 liable to retire by rotation, subject to consent by the Members of the Company at the 39<sup>th</sup> Annual General Meeting. The Company has received from Mr. Sachin Seth, consent in writing to act as Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and intimation in form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013. In opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 & Listing Regulations. The Board recommends the Resolution for his appointment for approval of the Members.

During the financial year, **Mr. Kartik Kapur (DIN: 08966816)** who was appointed as Additional Director of the company with effect from January 16, 2021 was appointed as independent director of the company in the annual general meeting held on 30<sup>th</sup> September 2021, for a term of five years commencing from January 16, 2021 upto January 15, 2026.

### **ii. Re-appointment**

**Mr. Pankaj Takkar (DIN: 07414345), Mr. Ravi Shanker Singh (DIN: 02303588) and Mr. Kiran Kumar Verma (DIN: 07415375)** were re-appointed as Non executive Independent Directors of the Company at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2021, for the second term of five consecutive years commencing from 01<sup>st</sup> February, 2021 upto 31<sup>st</sup> January, 2026.

Mr. Ramesh Arora (DIN: 00462656) Managing Director, Mr. Ajay Kumar Arora (DIN: 00462664) Whole Time Director, Mrs. Geeta Arora (DIN: 03155615) Whole Time Director and Mrs. Anju Arora (DIN: 03155641) Whole Time Director were also re-appointed at their aforesaid designations at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2021, for five consecutive years commencing from 16<sup>th</sup> January 2021 to 15<sup>th</sup> January 2026.

**Mr. ADITYA ARORA (DIN:07320410)** was also re-appointed as Whole Time Director at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2021, for a further period of five years with effect from 30<sup>th</sup> September 2021 to 29<sup>th</sup> September 2026.

Apart from the above, no changes took place in the Board Composition and Key Managerial Personnel.



**iii. RETIREMENT BY ROTATION**

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

**11) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2021-22, 16 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.

**12) 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 2021-22, one meeting was held on 06-09-2021. The composition of Committee and attendance of members is as follows:



Name	Category	Meeting held during 2021-22	No. of Meeting Attended
Geeta Arora	Chairperson	1	1
Aditya Arora	Member	1	1
Pankaj Takkar	Member	1	1

### **13) 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 2021-22 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.

### **14) MEETINGS OF INDEPENDENT DIRECTORS:**

The Independent Directors met on 30<sup>TH</sup> March 2022 inter alia, to

- review the performance of the Non-Independent Directors and the Board of Directors as a whole;
- review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- 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.

### **15) 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.

### **16) 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



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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.

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 Chairman 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 Chairman 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.

### **17) 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.kwalitapharma.com](http://www.kwalitapharma.com).

### **18) 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.

### **19) 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.

### **20) WHISTLE BLOWER POLICY**



## **Annual Report 2021-22**

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](http://www.kwalitypharma.com)

### **21) 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.

### **22) RISK MANAGEMENT POLICY**

The Management has devised a Risk Management Policy considering the nature of industry and associated risks pertaining to the industry. The Management is overseeing the implementation of the Policy on regular basis. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company.

### **23) 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 30<sup>th</sup> 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 36<sup>th</sup> Annual general Meeting, till the conclusion of the 41<sup>st</sup> 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.

### **24) AUDITORS' REPORT**

**M/s ARORA AGGARWAL & CO., Chartered Accountants**, have submitted their Report on the Financial Statements of the Company for the F.Y 2021-22, which forms part of the Annual Report. The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

### **25) COST AUDITOR**

Pursuant to Section 148(3) of the Companies Act, 2013, **M/s Verma Khushwinder & Co., Cost**



## **Annual Report 2021-22**

**Accountants, Jalandhar**, were appointed as the Cost Auditors of the Company for the financial year 2021-22 by the Board of Directors and their remuneration was ratified by members at the 38<sup>th</sup> 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 2022-23 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.

### **26) 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 2021-22 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.

### **27) REPORT ON CORPORATE GOVERNANCE:**

Since the Company was listed on the SME platform of BSE Ltd as on 31<sup>st</sup> March, 2022, the provisions of Corporate Governance as specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of Listing Regulations were exempted to the Company for the FY ended 31<sup>st</sup> March, 2022. However, as a measure of good Corporate Governance, 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**”.

### **28) 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**”.

### **29) 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.

### **30) 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





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.

**31) 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.

**32) 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**

The Company's Equity Shares were migrated from SME Platform of BSE to Main Board of the BSE on 10<sup>th</sup> June, 2022 and accordingly, Equity Shares of the Company were listed on the Main Board of BSE from 13<sup>th</sup> June, 2022. There were no other material changes and commitments 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 this report.

**33) 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:

<b>Steps taken for conservation of energy</b>	The company has always been a front runner in continually improving its operational performance in all areas, like productivity, yield, utilization and a host of other operating metrics, while reducing the consumption of fuel, power, stores and others. The Company is continuously putting its efforts to improve Energy Management by way of monitoring energy related parameters on regular basis. The Company is committed to transform energy conservation into a strategic business goal fully along with the technological sustainable development of Energy Management System. It is putting best endeavour to reduce energy consumption in its operations and activities. To achieve above objectives the following steps are being undertaken by the Company:-
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	<ul style="list-style-type: none"><li>- Continuously monitoring the energy parameters such as maximum demand, power factor, load factor on regular basis;</li><li>- Continuously replacing the inefficient equipment's with latest energy efficient technology &amp; upgradation of equipment's continually;</li><li>- Replaced existing CFL with LED panel lights to minimize maintenance and electricity cost.</li><li>- Increasing the awareness of energy saving within the organization to avoid the wastage of energy;</li><li>- To enhance utilization of Renewable Energy Resources.</li></ul>
<b>Steps taken for utilizing alternate sources of energy</b>	The Company is using electricity as the main source of energy and is currently not exploring any alternate source of energy.
<b>Capital investment on energy conservation equipment</b>	NIL

(B) Technology absorption:

The Company always adopts the latest technology while purchasing the plant and machinery. The Company is making continuous efforts for the technological advancement. The company always remains aggressive for improvement of quality of product, efficient manufacturing process, search of new products or modification in the existing products, introducing new products by continuously studying the market. It has helped in improvement in quality to sustain in the competitive market.

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

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March 2022 ( Rs. In Lakhs)</b>	<b>Year Ended 31<sup>st</sup> March 2021 ( Rs. In Lakhs)</b>
<b>Earnings</b>		
Export Sales	<b>29972.32</b>	<b>16576.85</b>
<b>Outgo</b>		
Capital Goods	<b>716.88</b>	<b>127.55</b>
Raw Materials	<b>6510.55</b>	<b>2940.80</b>

**34) 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.

**35) 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 31<sup>st</sup> March, 2022, was Rs. 1037.62 Lakhs.

**36) 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.

**37) 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.

**38) 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.

**39) 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.

**40) 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.

M/s. Ramit Kapoor & Associates, Chartered Accountants (FRN: 028583N), Amritsar were appointed as new Internal Auditors of the Company w.e.f. April 01, 2021. 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.

**41) COMPANY SECRETARY AND COMPLIANCE OFFICER**

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

**42) 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.

**43) 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](http://www.kwalitypharma.com)

**44) 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.

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

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**46) 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, 2022, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 31<sup>st</sup> March, 2022 and of the profit of the Company for that period;



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- 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.

### **47) INDUSTRIAL RELATIONS**

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

### **48) 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.

### **49) ACKNOWLEDGMENTS:**

The Board of Directors places on record its sincere appreciation for the dedicated services rendered by the employees of the Company at all levels. Your directors place on record their appreciation for the committed services by every member of the company globally whose contribution was significant to the growth and success of the Company. Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, collaborators, employees, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

**For and on Behalf of the Board**

**Place: Amritsar**

**Date: 06<sup>th</sup> September 2022**

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

**Sd/-  
(AJAY KUMAR ARORA)  
Whole Time Director  
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, 2022**

**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	29.09
AJAY KUMAR ARORA	29.09
ANJU ARORA	11.19
GEETA ARORA	11.19
ADITYA ARORA	20.14

**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	8.33
AJAY KUMAR ARORA	Whole Time Director	8.33
ANJU ARORA	Whole Time Director	25.00
GEETA ARORA	Whole Time Director	25.00
ADITYA ARORA	Whole Time Director & CFO	12.50
GURPREET KAUR	Company Secretary	62.87

**C. The percentage increase in the median remuneration of employees in the financial year: 3.81 %**

**D. The number of permanent employees on rolls of the company as on 31<sup>st</sup> March 2022:- 540**

**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. 2020-21	F. Y. 2021-22	% increase
Employees' Salary (in Rupees Lakhs)	1288.98	1660.31	28.81
Managerial Remuneration (in Rupees Lakhs)	120.00	135.00	12.50

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: 06<sup>th</sup> September 2022**

**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 31<sup>st</sup> MARCH 2022**

[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,**  
**KWALITY 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 **KWALITY 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, 2022** 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, 2022 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;



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- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014/ 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 Debt Securities) Regulations, 2008 / 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, 2009 / 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) The Indian Boilers Act, 1923;
  - (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.
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 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





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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 company had received a notice from BSE regarding trading window violations by some of the designated persons of the company in contravention of provisions of SEBI (PIT) Regulations 2015 during the financial year. In this regard audit committee of the company took disciplinary action against the designated persons by imposing penalty on them which was deposited in SEBI-IPEF account by these designated persons. In this regard, the company had sent action taken report to BSE and SEBI in January, 2022.
- ii.) The company had passed a special resolution by way of postal ballot through remote e-voting process for migration of equity shares of the company from the SME platform of BSE to the main board of BSE during the financial year.

Place : AMRITSAR

Signature: Sd/- (RISHI MITTAL)

Date : **06<sup>th</sup> September 2022**

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

ACS No. 12613 & C P No.: 3004

UDIN: **A012613D000921323**

**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 : **06<sup>th</sup> September 2022**

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

ACS No. 12613 & C P No.: 3004

UDIN: **A012613D000921323**

**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](http://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	1	1
2.	Mr. Aditya Arora	Member	1	1
3.	Mr. Pankaj Takkar	Member	1	1

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](https://www.kwalitypharma.com/investor_relations.php)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **N.A.**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
1.	2020-21	6,96,592	6,96,592

6. Average net profit of the company as per section 135(5):- Rs. 14,61,18,630

7. (a) Two percent of average net profit of the company as per section 135(5) :- Rs. 29,22,373

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

(c) Amount required to be set off for the financial year, if any:- Rs. 6,96,592



(d) Total CSR obligation for the financial year (7a+7b- 7c):- Rs. 22,25,781

8. (a) 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 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
22,93,800	Nil	N.A.	N.A.	Nil	N.A.

b) Details of CSR amount spent against ongoing projects for the financial year: NIL

c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S.N	Name of Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No).	Location of the Project		Amount spent for the project (in Rs)	Mode of implementation-Direct (Yes/No)	Mode of implementation – Through implementing Agency	
				State	District			Name	CSR registration number
1.	Promoting Education, Healthcare & providing food and houses to under privileged people	Eradicating hunger, poverty, Promoting Education, Healthcare and setting up homes for poor people – Item no. (i),(ii) &(iii)	No	National Capital Territory (Delhi)	Delhi	20,00,000	No	Manav Kalyan Foundation	CSR000 07224
2.	COVID-19 Ration Distribution In rural areas	Eradication of Hunger & Poverty Item no. (i)	Yes	Punjab	Amritsar	2,78,800	Yes	NA	NA
3.	Protection and conservation of cows	Protection of flora and fauna & Animal Welfare Item no. (iv)	Yes	Punjab	Amritsar	15,000	No	Kamdhe nu Gau Dhaam Trust	CSR000 22085
	<b>Total</b>					<b>22,93,800</b>			



(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: N.A.

(f) Total amount spent for the Financial Year (8b +8c+8d+8e): Rs. 22,93,800/-

(g) 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)	29,22,373
(ii)	Total amount spent for the Financial Year	29,90,392*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	68,019
(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)]	68,019

\*including set off of FY 2020-21

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable.

For and on Behalf of the Board

Sd/-  
(RAMESH ARORA)

Managing Director  
DIN: 00462656

Sd/-  
(GEETA ARORA)

(Chairman CSR Committee)  
DIN: 03155615

Place: Amritsar

Date: 06<sup>th</sup> September 2022

**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 nine members in the Board of the Directors of the company on 31<sup>st</sup> March 2022 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:

<b>Directors</b>	<b>Category</b>
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
Sachin Seth	Non-Executive and Non-Independent Director

**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 16 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.	15/06/2021
2.	30/06/2021
3.	26/07/2021
4.	16/08/2021
5.	25/08/2021
6.	06/09/2021
7.	23/09/2021
8.	04/10/2021
9.	22/10/2021
10.	10/11/2021
11.	30/11/2021
12.	10/12/2021
13.	31/12/2021
14.	31/01/2022
15.	24/02/2022
16.	30/03/2022

**D) Attendance of Directors at Board meetings held in the previous year 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 31-03-2022	No. of Committee/ membership in which he/she is a Member or Chairperson
1.	Mr. Ramesh Arora (DIN: 00462656)	Managing Director	16	Yes	2	None
2.	Mr. Ajay Kumar Arora (DIN: 00462664)	Whole Time Director	16	Yes	Nil	None
3.	Mr. Aditya Arora (DIN: 07320410)	Whole Time Director & Chief Financial Officer	16	Yes	Nil	Member in two Committees
4.	Mrs. Geeta Arora (DIN: 03155615)	Whole Time Director	16	Yes	Nil	Member in one Committee and Chairperson in one Committee

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5.	Mrs. Anju Arora (DIN: 03155641)	Whole Time Director	16	Yes	Nil	Member in one Committee
6.	Mr. Kiran Kumar Verma (DIN: 07415375)	Non Executive Independent Director	10	Yes	Nil	Member in one Committee and Chairman in one Committee
7.	Mr. Pankaj Takkar (DIN: 07414345)	Non Executive Independent Director	11	Yes	Nil	Member in two Committees and Chairman in one Committee
8.	Mr. Ravi Shanker Singh (DIN: 02303588)	Non Executive Independent Director	5	No	1	Member in one Committee and Chairman in one Committee
9.	Mr. Kartik Kapur (DIN: 08966816)	Non Executive Independent Director	2	No	NIL	None

-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	Qualification	Skill/ Expertise/ Competencies
1.	Mr. Ramesh Arora	B.COM.	Management and Marketing Strategies, Overall Administration Control and Supervision
2.	Mr. Ajay Kumar Arora	B.PHARMACY	Operations & Procurement of inputs, engineering & development projects
3.	Mr. Aditya Arora	B.COM.	Administration, Strategic Leadership, Industry Experience and Knowledge, Finance
4.	Mrs. Geeta Arora	M.A.	Human Resource Management
5.	Mrs. Anju Arora	B.A.	Marketing Management
6.	Mr. Kiran Kumar Verma	Bachelor of Science	Industry Experience and Knowledge
7.	Mr. Pankaj Takkar	B.COM.	Administrative Management
8.	Mr. Ravi Shanker Singh	B.A.M.S.	Manufacturing & Marketing Strategies





9.	Mr. Kartik Kapur	M. Pharma	Industry Experience and Knowledge
10.	Mr. Sachin Seth	Graduate	Industry Experience and Marketing Strategies

**E) Shares held by Non-Executive Directors as at 31st March 2022:**

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

**F) 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 <http://www.kwalitypharma.com>

**G) 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 30-03-2022 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 Chairman 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.

**H.) Disclosure of Accounting Treatment:**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. 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 30-06-2021, 22-10-2021, 31-12-2021 and 24-02-2022

### \* 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 14<sup>th</sup> March, 2016.

### **\* Number of Meetings held**

During the year, 1 Nomination & Remuneration committee meeting was held on 05-09-2021.

### **\* 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	1
2	PANKAJ TAKKAR	Non-Executive Independent Director	Member	1
3	RAVI SHANKER SINGH	Non-Executive Independent Director	Member	1

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 2021-22 to Executive Directors are:

Name of Director	Designation	Yearly Remuneration (Rs.)
RAMESH ARORA	Managing Director	3900000
AJAY KUMAR ARORA	Whole Time Director	3900000
GEETA ARORA	Whole Time Director	1500000
ANJU ARORA	Whole Time Director	1500000
ADITYA ARORA	Whole Time Director & Chief Financial Officer	2700000



Remunerations paid during the Financial Year 2021-22 to Non Executive Directors are:

Name of Director	Designation	Sitting Fees for Board & Committees Meeting (Rs.)
KIRAN KUMAR VERMA	Non-Executive Independent Director	120556
PANKAJ TAKKAR	Non-Executive Independent Director	130000
RAVI SHANKER SINGH	Non-Executive Independent Director	20000
KARTIK KAPUR	Non-Executive Independent Director	2000

Apart from the above remuneration, 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 4 Stakeholder's Relationship Committee meetings were held on 15-06-2021, 30-06-2021, 22-10-2021 and 24-02-2022.

#### \* 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	4
2	Geeta Arora	Executive Non Independent Director	Member	4
3	Anju Arora	Executive Non Independent Director	Member	4



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 2021-22, 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 2021-22, 1 meeting of the committee was held on 06-09-2021. The composition of Committee and attendance of members is as follows:

<b>Name</b>	<b>Category</b>	<b>Meeting held during 2021-22</b>	<b>No. of Meeting Attended</b>
Geeta Arora	Chairperson	1	1
Aditya Arora	Member	1	1
Pankaj Takkar	Member	1	1



### 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.

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

Shareholders who are eligible to receive Notice of Annual General Meeting and Annual report have been provided with the same through electronic means (E-mail) and those whose E-mail is not registered have been provided physical copy.

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.

### GENERAL BODY MEETINGS:

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

Financial Year	Date & Time	Venue	Number of Special Resolutions Passed
2018-19	September 30, 2019 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	5
2019-20	November 30, 2020	VILLAGE NAGKALAN,	NIL





	at 11:30 A.M.	MAJITHA ROAD, AMRITSAR.	
2020-21	September 30, 2021 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	8

**Resolutions passed through Postal Ballot:**

(i) The Company sought approval of shareholders through notice of postal ballot dated 10<sup>th</sup> November, 2021 for approval of Migration of the Company's listed Equity Shares from SME Platform of BSE Limited to Main Board of BSE Limited. The special resolution in this regard was duly passed on 15<sup>th</sup> December, 2021 and the results of postal ballot (conducted by way of remote e-voting) were announced on 16<sup>th</sup> December, 2021. Mr. Rishi Mittal, proprietor of M/s. Rishi Mittal & Associates, Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot (conducted by way of remote e-voting) in a fair and transparent manner.

(ii) Details of Voting Pattern :

(a) Migration of the Company's listed Equity Shares from SME Platform of BSE Limited to the Main Board of BSE limited :

(a) Voted in favour of the Resolution:

Mode of Voting	Number of members voted	No. of Votes cast by them	% of total number of valid votes cast
Ballot Paper	NA	NA	NA
Remote e-voting	21*	812574	100 %
Total	21*	812574	100 %

(b) Voted against the Resolution:

Mode of Voting	Number of members voted	No. of Votes cast by them	% of total number of valid votes cast
Ballot Paper	NIL	NIL	NIL
Remote e-voting	NIL	NIL	NIL
Total	NIL	NIL	NIL

(c) Invalid Votes

Mode of Voting	Total number of members whose votes were declared invalid	Total number of votes cast by them
Ballot Paper	NIL	NIL
Remote e-voting	3 (all promoters)	3430468
Total	NIL	NIL



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\*Votes of Promoter & Promoter Group are excluded here i.e. 34,30,468 votes cast by promoters are considered as invalid votes and not considered in number of votes polled as per Regulation 277 of SEBI (ICDR) Regulations, 2018.

### (iii) 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 with rule 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 issued by the Ministry of Corporate Affairs (the 'MCA Circulars') read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, issued by SEBI and pursuant to applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and as amended from time to time any statutory modification or re-enactment thereof for the time being in force, the Postal Ballot Notice was sent in electronic mode only, to all the Members whose names appeared in the List of Beneficial Owners as on the close of business hours on cut-off date and whose e-mail IDs were registered with the Company / Depositories and 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 16<sup>th</sup> December, 2021. 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](http://www.kwalitypharma.com). The resolutions shall be deemed to have been passed on 15<sup>th</sup> December, 2021, being the last date for the receipt of votes through remote e-voting.

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

### 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](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



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accounting principles and standards in India. 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. The Company has obtained a Certificate pursuant to Regulation 34(3) read with Schedule V of Listing Regulations from M/s. Rishi Mital & Associates, Practicing Company Secretary certifying 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 or Ministry of Corporate Affairs or any such statutory authority. The said certificate has been annexed with this Report.
8. 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
9. 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 2021-22 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	5,00,000
Other professional fees	NIL

10. 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 2021- 22: Nil
- ii. Number of complaints disposed of during the financial year 2021-22: N.A.
- iii. Number of complaints pending as at end of the financial year 2021-22: N.A.

11. 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.



12. There are no Loans and advances in the nature of loans to firms / companies in which directors are interested.

### **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](http://www.kwalitypharma.com). The weblink for the same is:

[https://www.kwalitypharma.com/assets/CORPORATE%20POLICIES\\_/MATERIAL%20SUBSIDIARY%20POLICIES.pdf](https://www.kwalitypharma.com/assets/CORPORATE%20POLICIES_/MATERIAL%20SUBSIDIARY%20POLICIES.pdf)

### **GENERAL SHAREHOLDER INFORMATION:**

#### **ANNUAL GENERAL MEETING**

The ensuing Annual General Meeting ("the AGM") of the company for the Financial Year 2021-22 will be held on **Friday 30<sup>th</sup> September, 2022** at 11:30 A.M., at the Registered Office of the Company at Village Nagkalan, Majitha Road, Amritsar – 143601.

#### **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. 2022-23 is:-

Un-audited results for the quarter ended June 30, 2022	On or before 14 <sup>th</sup> August, 2022
Un-audited results for the Quarter / half year ending September 30, 2022	On or before 14 <sup>th</sup> November, 2022
Un-audited results for the quarter/nine months ending December 31, 2022	On or before 14 <sup>th</sup> February, 2023
Audited results for the year ending March 31, 2023	On or before 30 <sup>th</sup> May, 2023

#### **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**

24.09.2022 to 30.09.2022 (both days inclusive)

#### **LISTING ON STOCK EXCHANGE**



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The Company got listed on Bombay Stock Exchange SME platform, w.e.f. 18th July, 2016. Further 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 09<sup>th</sup> April 2022 and received the final approval from BSE Limited on 10<sup>th</sup> June, 2022. Accordingly, Equity Shares of the Company were listed on the Main Board of BSE with effect from 13<sup>th</sup> June, 2022.

The Company has paid Annual Listing Fees for the above Stock Exchange for the financial year 2021 -22 .

**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

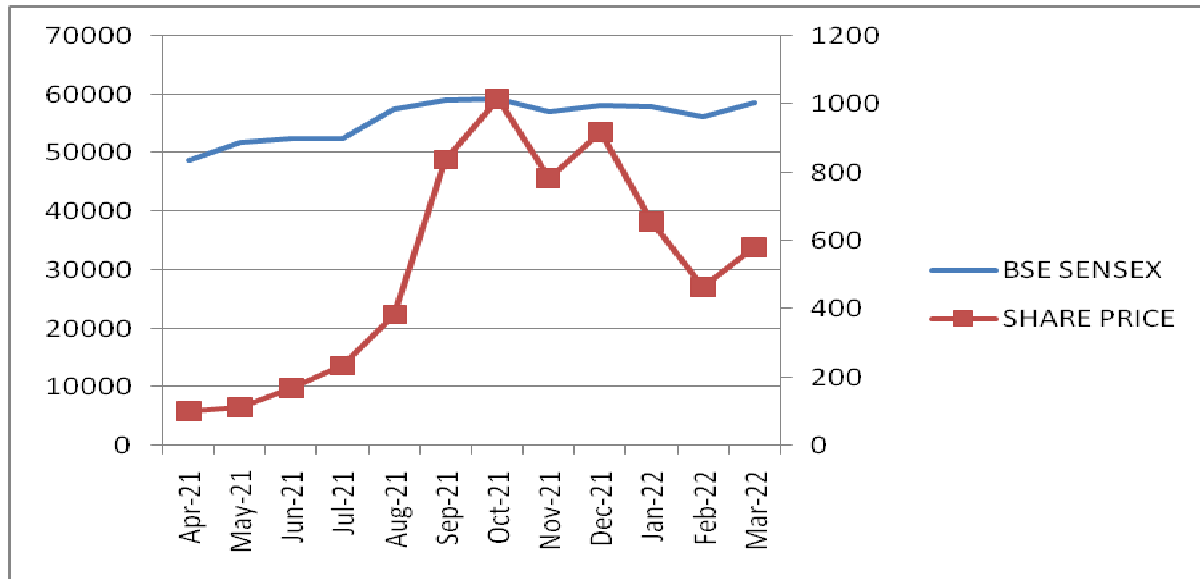
As stipulated by SEBI, a qualified practicing Company Secretary carries out the Reconciliation of Share Capital to reconcile the total capital held with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The 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

Month	BSE SME Platform Kwalita Pharmaceuticals Limited (in Rs.)	
	High	Low
April, 2021	99.65	53.00
May, 2021	120.80	88.40
June, 2021	168.15	104.00
July, 2021	233.30	167.45
August, 2021	480.00	244.90
September, 2021	837.05	363.75
October, 2021	1110.30	778.00
November, 2021	1117.00	710.10
December, 2021	1048.15	779.00
January, 2022	961.50	635.00
February, 2022	658.95	421.30
March, 2022	627.30	367.05



Stock Performance vis-à-vis Index (BSE) as on 31.03.2022:



#### DEMATERIALIZATION OF SHARES

As on March 31, 2022, 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, 2022 is as follows:

#### SHARE HOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2022

Category	No. of Shares held	% of Shareholding
1. Promoters and Promoter Group	5648148	54.43
2. Bodies Corporate	1598270	15.40
3. Clearing Members	12180	0.12
4. Non-Resident Indians	332600	3.21
5. Indian Public	2785000	26.84
<b>TOTAL</b>	<b>10376198</b>	<b>100</b>

Distribution Schedule as on 31/03/2022  
(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	336	56.0000	82144	0.7917
5001-10000	72	12.0000	54600	0.5262
10001-20000	39	6.5000	58400	0.5628
20001-30000	57	9.5000	164600	1.5863
30001-40000	10	1.6667	35800	0.3450
40001-50000	9	1.5000	42400	0.4086

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50001-100000	31	5.1667	210400	2.0277
100001-9999999999	46	7.6667	9727854	93.7517
<b>TOTAL</b>	<b>600</b>	<b>100.00</b>	<b>10376198</b>	<b>100.00</b>

**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, 2022, there were no unprocessed transfers pending.

**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.

**REGISTRAR AND TRANSFER AGENTS:**

**Bigshare Services Private Limited**, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai - 400059. **Tel No.:** +91 22 62638200 **Web:** [www.bigshareonline.com](http://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@kwalitypharma.com](mailto:cs@kwalitypharma.com) **Web:** [www.kwalitypharma.com](http://www.kwalitypharma.com)

On behalf of Board of Directors  
**KWALITY PHARMACEUTICALS LIMITED**  
Sd/-  
RAMESH ARORA  
Managing Director  
DIN: 00462656  
Amritsar, 06<sup>th</sup> September 2022

**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 **KQUALITY 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, 2022.

Sd/-

Place:-Amritsar  
Date:- 06<sup>th</sup> September 2022

**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](http://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 **31<sup>st</sup> March, 2022** 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

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 : 06<sup>th</sup> September 2022**

**UDIN:- A012613D000921391**

**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 31<sup>st</sup> March, 2022 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; and
- 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: - **28-05-2022**

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 **31<sup>st</sup> March 2022**, as stipulated in regulations 17 to 27 and clauses (b) to (i) 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 my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to me 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) of regulation 46(2) and para C, D and E of the Schedule V of the Listing Regulations during the year ended 31<sup>st</sup> March 2022.

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)**

Place : Amritsar  
Date : **06<sup>th</sup> September 2022**  
UDIN:- **A012613D000921367**

**PROP.**  
**ACS No. 12613 & C P No.: 3004**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **INDUSTRY STRUCTURE & DEVELOPMENT**

The Indian Pharmaceuticals industry plays a prominent role in the global pharmaceuticals industry. India ranks 3<sup>rd</sup> worldwide for production by volume and 14<sup>th</sup> by value. The nation is the largest provider of generic medicines globally, occupying a 20% share in global supply by volume, and is the leading vaccine manufacturer globally. India also 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 facilities as well as a highly skilled resource pool. The pharmaceutical industry in India offers 60,000 generic brands across 60 therapeutic categories. Major segments include generic drugs, OTC Medicines, API/Bulk Drugs, Vaccines, Contract Research & Manufacturing, Biosimilars and Biologics.

India is the 4<sup>th</sup> largest Asian medical devices market after Japan, China, and South Korea and among the top 20 global medical devices markets in the world. Indian pharma companies enabled by their price competitiveness and good quality, have made global mark, with 60% of the world's vaccines and 20% of generic medicines coming from India.

The rise of E-Pharmacy has large implications for the penetration of pharmaceutical products across the country. Although prescription drugs dominate the market with a 66% share according to research and markets, E-Pharmacy is growing at 21.28% every year. This is helping in market penetration since there has been a 45% increase in rural internet users who are active.

### **OPPORTUNITIES, RISKS, CONCERNS & THREATS**

As the world enters the third year of the COVID-19 crisis, economic developments have been both encouraging and troubling, clouded by many risks and considerable uncertainty. While the implications of Russia-Ukraine crisis is highly uncertain, in the near term the crisis is likely to create additional upward pressure on inflation and weigh on economic activity. Russia-Ukraine crisis had led to surge in prices of crude oil and other commodities, exerting additional upward pressure on near term inflation. The crisis may restrain global economic activity abroad and disrupt supply chains. The volatility in financial markets, particularly if sustained, could also act to tighten credit conditions and affect the real economy. The Company effectively laid down risk mitigation measures to: Address business continuity challenges, Overcome growth hurdles, Tackle geopolitical developments, Secure enterprise-wide cyber security and Adhere with applicable laws & regulations. Arise out of the choices made and key decisions taken in defining the Company's strategies and the risks to the successful execution of these strategies - for example new markets, product & process development, resources, business growth & revenue model, M&A, industry changes, investment model, etc. can impact business objectives.

### **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.

**OUTLOOK**

Kwalita Pharmaceuticals Ltd. is a manufacturer of finished pharmaceutical formulations in a dosage form and leading manufacturer & exporters of pharmaceutical formulations in Liquid Orals, Powder for Oral Suspension, Tablets, Capsules, Sterile Powder for Injections, small volume injectables, Ointments, External Preparations, ORS and many more in various categories like Beta Lactam & non-Beta Lactam, Hormones, Cytotoxic (Oncology) and Effervescent as per new GMP norms. The company specializes in handling customized business as per the requirements. The company has 48 different sections available at their production centres. The company has registered its products in different countries of Europe, Africa, Asia, Central American, and South American Countries & CIS Countries.

The initiatives taken in 2020-21 of further expansion and new project of Rs. 31 Crore which was likely to be complete in September 2022 has been revised by addition of a new Biological unit. Financial Year 2021-22 was the realization year of all the decisions taken for expansion in the year 2020-21. The work is going on Rs. 31 crore (revised as Rs. 36 cr.) project which is under completion. The part of this project has been completed as new injectable unit has started working and Beta-lactam unit has also started working but the extended project of biological is likely to be completed by November 2022. The Himachal unit for which project was under process during 2020-21 and it was completed in March-2022. Regarding R&D lab, it is also under completion. There are other projects like, getting GMP for all the 4 units (2 units in Amritsar and 2 units in Himachal Pradesh) for Invima Colombia, Anvisa Brazil and EU Hungary are in process. Our Company's prime focus is to get highly accredited GMP of EU (European Union) Hungary, Invima Colombia, MHRA UK and Anvisa Brazil. These GMP will pave a way to register the products worldwide.

**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)

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Total Income	45964.35	26309.03
Profit before Tax (PBT)	16167.48	2179.91
Profit After Tax (PAT)	12004.65	1541.50

During the year under review, on standalone basis, revenue of the company was Rs. 45964.35 Lakhs as compared to Rs.26309.03 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 12004.65 Lakhs as compared to Rs. 1541.50 Lakhs in the previous year. For the coming year,



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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 2021-22	Financial year 2020-21
Debtors Turnover	6.45	6.92
Inventory Turnover	8.55	15.06
Current Ratio	1.75	1.35
Interest Coverage Ratio	56.42	9.34
Debt Equity Ratio	0.24	0.55
Operating Profit Margin	35.44 %	8.34 %
Net Profit Margin	26.31 %	5.89 %
Return on Net Worth	66.08 %	24.66 %

### **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 programmes 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 2021-22, the total number of the employees of Company is 540. 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 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**

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

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

**Place: Amritsar**  
**Date: 06<sup>th</sup> September 2022**



**Independent Auditor's Report for the Standalone Financial Statements of Kwalita Pharmaceuticals Limited**

**To  
The Members  
Kwalita Pharmaceuticals Limited.**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Kwalita Pharmaceuticals Limited** (“the **Company**”), which comprise the Standalone Balance Sheet as at **31<sup>st</sup> March, 2022**, the Standalone Statement of Profit and Loss and the Standalone Cash Flow Statement (collectively referred as “Standalone Financial Statements”) for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2022**, and profit/loss, and its 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 Auditors Responsibilities for the Audit of the 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 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 there under, 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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Information other than the financial statements and auditors' report thereon**

The 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 and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.



Our opinion on the 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 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 report that fact. We have nothing to report in this regard.

### **Managements Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors 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 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 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.





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- 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 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 management.
- 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

### 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 Section 143(11) of the Act, we enclose in the **Annexure "A"** statement on matters specified in paragraph 3 & 4 of the said order.

#### 2. 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this





Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.

g. With respect to the other matters to be included in the Auditor’s Report in accordance with 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 Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Financial statements disclose the impact of pending litigations on the financial position of the company. Refer note 40 of notes and disclosures forming part of standalone financial statements annexed with the standalone financial statements.

ii) The Company did not have any long-term contracts including derivative contracts as such the question of commenting on any material foreseeable losses thereon doesn’t arise.

iii) There has not been an occasion in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund.

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

**Sd/-  
CA Gaurav Aggarwal  
Partner  
Membership No. 098347  
UDIN:22098347AJVEEG4340**

**Place:-Amritsar  
Date:-28-05-2022**



**ANNEXURE A– Report under the Companies (Auditor’s Report) Order, 2020 of the Standalone Financial Statements of Kquality 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, Punjab, 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.



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(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.

(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,

(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. And due to late filing of TDS returns, the Traces system of IT department has raised demands in Justification reports for the financial year 2021-22 as follows:

SR. NO.	QUARTER	FORM TYPE	AMOUNT OF DEMAND (Rs.)
1.	Q1	26Q	46620
2.	Q2	26Q	29820
3.	Q3	26Q	10710
4.	Q4	26Q	49150
<b>TOTAL</b>			<b>136300</b>

(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, there are no amount required to be deposited on account of any dispute.

(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 shortterm 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) We have not considered whistle-blower complaints, since there is no complaint 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



**Annual Report 2021-22**

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 cash losses in the Financial Year and in the immediately Preceding Financial Year.

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

(xix) According to the information and explanations given to us and 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 financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(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 (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

(b) In our opinion, there are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.

(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:22098347AJVEEG4340**

**Place:-Amritsar  
Date:-28-05-2022**



**ANNEXURE B: To The Independent Auditor's Report of eventdate on the Standalone Financial Statements of Kwalita Pharmaceuticals Limited**

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 Kwalita Pharmaceuticals Limited ("the company")** as of **March 31, 2022** 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**



## Annual Report 2021-22

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

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, 2022**, 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:22098347AJVEEG4340**

**Place:-Amritsar  
Date:-28-05-2022**





**KWALITY PHARMACEUTICALS LIMITED**  
**STANDALONE BALANCE SHEET AS AT 31st MARCH 2022**

(Rupees in Lakhs)

Particulars	Note	As at 31st March,2022 (Audited)	As at 31 March,2021 ( Audited)
<b>A</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	1037.62	1037.62
(b) Reserves and surplus	2	17218.03	5213.37
<b>Sub-Total-Shareholders' Fund</b>		18255.65	6250.99
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	2028.83	1826.39
(b) Deferred tax liabilities (net)	4	27.46	0.00
(c) Other long-term liabilities	5	918.04	918.04
(d) Long-term provisions	6	75.33	67.81
<b>Sub-Total- Non-current liabilities</b>		3049.67	2812.24
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	2300.43	1645.48
(b) Trade payables	8		
i) Total outstanding dues to micro and small enterprises		1576.24	1034.59
ii) Total outstanding dues other than Micro and Small Enterprises		1875.24	1586.88
(c) Other current liabilities	9	3110.36	2968.20
(d) Short-term provisions	10	4100.00	580.00
<b>Sub-Total- Current liabilities</b>		12962.26	7815.15
<b>TOTAL</b>		<b>34267.58</b>	<b>16878.36</b>
<b>B</b>			
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) (i) Property, Plant and Equipment	11	9077.17	5551.78
(ii) Intangible assets			
(iii) Capital Work in progress		1214.85	289.42
(iv) Intangible Assets under Developer			
(b) Non-current investments	12	432.99	428.16
(c) Deferred Tax Assets (Net)		0.00	3.76
(d) Long-term loans and advances	13	810.80	17.23
(e) Other non-current assets		0.00	0.00
<b>Sub-Total- Non-current assets</b>		11535.81	6290.35
<b>2 Current assets</b>			
(a) Current investments	14	0.00	443.75
(b) Inventories	15	5336.02	1736.45
(c) Trade receivables	16	7070.57	3777.56
(d) Cash and cash equivalents	17	1087.45	513.30
(e) Short-term loans and advances	18	9237.73	4116.96
(f) Other current assets		0.00	0.00
<b>Sub-Total- Current assets</b>		22731.77	10588.02
<b>TOTAL</b>		<b>34267.58</b>	<b>16878.36</b>

See accompanying notes forming part of the financial statements  
 In terms of our Report Attached

For and on behalf of the Board of Directors

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

Sd/-  
 Ramesh Arora  
 Managing Director  
 DIN: 00462656

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

Sd/-  
 CA Gaurav Aggarwal  
 ( Partner )  
 Membership No. 098347 UDIN:22098347AJVEEG4340

Sd/-  
 Gurpreet Kaur  
 Company Secretary

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

Place: Amritsar  
 Date: 28-05-2022





## Annual Report 2021-22

### KWALITY PHARMACEUTICALS LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2022

(Rupees in Lakhs)

Particulars			Year Ended 31.03.2022(Audited)	Year ended 31.03.2021 (Audited)
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
1	Revenue from operations (Net)	19	45613.16	26150.27
2	Other income	20	351.19	158.76
3	Total income(1+2)		45964.35	26309.02
4	Expenses			
	(a) Cost of materials consumed	21	19930.85	16527.67
	(b) Purchases of stock-in-trade		380.38	22.18
	(c) Changes in inventories of finished goods, work-in-	22	-250.87	9.28
	(d) Employee benefits expense	23	2008.68	1567.91
	(e) Finance Cost	24	291.73	261.23
	(f) Depreciation and amortisation expense		1064.41	643.61
	(g) Other expenses	25	6371.69	5097.24
	Total expenses		29796.86	24129.12
5	Profit/(Loss) from operations before Exceptional and Extraordinary items and Tax (3-4)		16167.49	2179.91
6	Exceptional items			
7	Profit / (Loss) before extraordinary items and tax (6-7)		16167.49	2179.91
8	Extraordinary items			
9	Profit / (Loss) before tax (7+ 8)		16167.49	2179.91
10	Tax expense:			
	(1) Current tax		4100.00	580.00
	(2) Deferred tax		27.46	16.23
	(3) Income tax relating to earlier years		35.37	42.18
11	Profit / (Loss) from continuing operations (9 +10)		12004.66	1541.50
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
12	Profit / (Loss) from discontinuing operations		0.00	0.00
13	Tax expense of discontinuing operations		0.00	0.00
14	Profit / (Loss) from discontinuing operations (after tax) (12 13)		0.00	0.00
15	Profit / (Loss) for the year (11 + 14)		12004.66	1541.50
16	Paid up equity share capital(Face value Rs.10 per share)		1037.62	1037.62
17	Earning Per Share(EPS)			
	Basic		115.70	14.86
	Diluted		115.70	14.86

See accompanying notes forming part of the financial statements  
In terms of our Report Attached

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

Sd/-  
CA Gaurav Aggarwal  
(Partner)  
Membership No. 098347  
UDIN:22098347AJVEEG4340

Place: Amritsar  
Date: 28-05-2022

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

Annual Report 2021-22

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note1 SHARE CAPITAL**

	As at 31 March,2022		As at 31 March,2021	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each with voting rights	16000000	1600.00	16000000	1600.00
<b>(b) Issued</b>				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
<b>(d) Subscribed but not fully paid up</b>			-	-
<b>Total</b>	<b>10376198</b>	<b>1037.62</b>	<b>10376198</b>	<b>1037.62</b>

**Note 2 RESERVES AND SURPLUS**

	As at 31 March,2022		As at 31 March,2021	
<b>(a) Securities premium account</b>				
Opening balance	846.77		846.77	
Add : Premium on calls paid	.00		-	
Closing balance		846.77		846.77
<b>(b) Investment Allowance Reserve</b>		.21		.21
<b>(c) Land &amp; Building Revaluation Reserve</b>		80.00		80.00
<b>(d) Capital Reserve</b>		8.00		8.00
<b>(e) Surplus / (Deficit) in Statement of Profit and Loss</b>				
Opening balance	4278.39		2736.89	
Add: Profit / (Loss) for the year	12004.66		1541.50	
Less :Appropriations				
Less: Bonus Issue	-		-	
Interim Dividend	-		-	
Dividend Distribution Tax	-		-	
Closing balance		16283.05		4278.39
<b>Total</b>		<b>17218.03</b>		<b>5213.37</b>

**Note 3 LONG TERM BORROWINGS**

	As at 31 March,2022		As at 31 March,2021	
<b>(a) Term loans</b>				
From Banks (Secured)		1955.89		1619.88
From other parties				
Secured	2.94		6.51	
Unsecured	70.00		200.00	
		72.94		206.51
<b>(b) For the current Maturities of Long Term debt refer Note Other Current Liabilities</b>				
<b>Total</b>		<b>2028.83</b>		<b>1826.39</b>

**Note 4 DEFERRED TAX LIABILITY/ ASSET**

	As at 31 March,2022		As at 31 March,2021	
<b>Deferred tax Liability/Assets</b>				
<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		-3.76		-19.98
less: Written off during the year in tax relating to earlier years		-3.76		
Current Year Adjustment of deferred Tax Asset		27.46		16.23
<b>Net deferred tax liability / (asset)</b>		<b>27.46</b>		<b>-3.76</b>



**Note 5 OTHER LONG TERM LIABILITIES**

	As at 31 March,2022		As at 31 March,2021	
Security Deposit Against Supply/Sale Of Goods		918.04		918.04
<b>Total</b>		<b>918.04</b>		<b>918.04</b>

**Note 6 LONG TERM PROVISIONS**

	As at 31 March,2022		As at 31 March,2021	
Provision for Gratuity		75.33		67.81
<b>Total</b>		<b>75.33</b>		<b>67.81</b>

**Note 7 SHORT TERM BORROWINGS**

	As at 31 March,2022		As at 31 March,2021	
Loans repayable on demand				
From Banks				
(a) Cash Credit Facility	1819.55		539.04	
(b) Packing Credit Facility	480.88		1106.44	
Loans from Banks are secured against Inventory, Book Debts and Collateral securities in Immovable Properties		2300.43		1645.48
<b>Total</b>		<b>2300.43</b>		<b>1645.48</b>

**Note 8 TRADE PAYABLES**

	As at 31 March,2022		As at 31 March,2021	
Trade payables:				
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		1576.24		1034.59
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		1875.24		1586.88
<b>Total</b>		<b>3451.47</b>		<b>2621.46</b>

**Note 9 OTHER CURRENT LIABILITIES**

	As at 31 March,2022		As at 31 March,2021	
(a) Current Maturities of Long-Term Debts	1071.87		650.93	
(b) Interest Accrued but not due on borrowings	13.93		10.44	
(c) Other payables	-		-	
(d) Statutory Remittances	27.01		23.64	
(e) Security Deposits Received	4.50		4.50	
(f) Credit balances in Directors Salary A/c	1.81		46.69	
(g) Other Expenses Payable	206.37		138.92	
(h) Advances from customers	1784.87	3110.36	2093.06	2968.20
<b>Total</b>		<b>3110.36</b>		<b>2968.20</b>

**Note 10 SHORT TERM PROVISIONS**

	As at 31 March,2022		As at 31 March,2021	
Provision for Taxation		4100.00		580.00
<b>Total</b>		<b>4100.00</b>		<b>580.00</b>

**Note 11 Property,Plant and Equipment**

	As at 31 March,2022		As at 31 March,2021	
GROSS BLOCK - OTHER THAN CAPITAL WIP		12669.86		8080.06
LESS: DEPRECIATION		3592.69		2528.28
<b>NET BLOCK</b>		<b>9077.17</b>		<b>5551.78</b>



**Note 12 NON CURRENT INVESTMENTS**

	As at 31 March,2022		As at 31 March,2021	
Gold Coins	2.88		2.88	
Trustline Securities Ltd.	-		2.69	
Gratuity Fund Investments	75.33		67.81	
Investment in Subsidiary	-		-	
Kwality Pharmaceuticals Africa Lda (Mozambique)	354.78		354.78	
<b>Total</b>		<b>432.99</b>		<b>428.16</b>

**Note 13 LONG TERM LOANS AND ADVANCES**

	As at 31 March,2022		As at 31 March,2021	
Advances For Purchase of Land		768.05		
Security Deposits		42.75		17.23
<b>Total</b>		<b>810.80</b>		<b>17.23</b>

**Note 14 CURRENT INVESTMENTS**

	As at 31 March,2022		As at 31 March,2021	
Fixed Deposits including deposits towards Margin Money Against Guarantees		-		443.75
<b>Total</b>		<b>-</b>		<b>443.75</b>

**Note 15 INVENTORIES**

(As taken valued and certified by the Directors)

	As at 31 March,2022		As at 31 March,2021	
(a) Raw materials at cost		3079.35		787.65
(b) Finished goods at cost or net realisable value which ever is lower		836.01		585.13
(c) Packing Material at Cost		1420.66		363.66
<b>Total</b>		<b>5336.02</b>		<b>1736.45</b>

**Note 16 TRADE RECEIVABLES**

	As at 31 March,2022		As at 31 March,2021	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Secured, considered good		-		-
Unsecured, considered good	1878.81		642.00	
Doubtful	-		-	
Less: Provision for doubtful trade receivables	-		-	
		1878.81		642.00
Other Trade receivables				
Unsecured, considered good	5191.76		3135.56	
Less: Provision for doubtful trade receivables	-		-	
		5191.76		3135.56
<b>Total</b>		<b>7070.57</b>		<b>3777.56</b>



**Note 17 CASH AND CASH EQUIVALENTS**

	As at 31 March,2022		As at 31 March,2021	
(a) Cash on hand		64.05		6.41
(b) Balances with banks				
(i) In current accounts		641.76		506.89
(c) FDR Margin Money		381.64		
<b>Total</b>		<b>1087.45</b>		<b>513.30</b>

**Note 18 SHORT TERM LOANS AND ADVANCES**

	As at 31 March,2022		As at 31 March,2021	
(a) Security deposits		256.73		269.61
(b) Prepaid expenses		9.98		8.95
(c) Balances with government authorities		6450.91		2496.46
(d) Advances for supply of goods and services		2520.10		1341.94
<b>Total</b>		<b>9237.73</b>		<b>4116.96</b>

**Note 19 REVENUE FROM OPERATIONS**

	As at 31 March,2022		As at 31 March,2021	
<b>Sale of products</b>				
Domestic		15640.84		9573.42
Export Sales		29972.32		16576.85
<b>Total</b>		<b>45613.16</b>		<b>26150.27</b>

**Note 20 OTHER INCOME**

	As at 31 March,2022		As at 31 March,2021	
Interest on:				
Interest on FDR		12.28		18.14
Foreign Currency Adjustment		166.22		36.39
Export Duty Drawback		167.66		104.22
Other Income		5.03		.00
<b>Total</b>		<b>351.19</b>		<b>158.76</b>

**Note 21 COST OF MATERIAL CONSUMED**

	As at 31 March,2022		As at 31 March,2021	
Opening stock Raw material and Packing material		1151.31		1647.27
Add: Purchases Raw material and Packing material		23279.55		16031.71
		24430.86		17678.98
Less: Purchase return		24430.86		17678.98
Less: Closing stock Raw material and Packing material		4500.01		1151.31
<b>Total</b>		<b>19930.85</b>		<b>16527.67</b>

**Note 22 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

	As at 31 March,2022		As at 31 March,2021	
Opening stock Finished Goods		585.13		594.41
Less: Closing stock of Finished Goods		836.01		585.13
		-250.87		9.28
<b>Total</b>		<b>-250.87</b>		<b>9.28</b>



**Note 23 EMPLOYEE BENEFITS EXPENSE**

	As at 31 March,2022		As at 31 March,2021	
Salaries and wages		1660.31		1288.98
Directors Remuneration		135.00		120.00
Provision for gratuity		3.00		8.11
Contributions to provident and other funds		95.22		64.91
Staff welfare expenses		115.15		85.91
<b>Total</b>		<b>2008.68</b>		<b>1567.91</b>

**Note 24 FINANCE COSTS**

	As at 31 March,2022		As at 31 March,2021	
(a) Interest expense on:				
(i) Bank Borrowings		244.24		237.26
(ii) Interest & financial chgs on vehicle & other loans		33.55		13.53
(iii) Interest Accrued but not due on borrowings		13.93		10.44
<b>Total</b>		<b>291.73</b>		<b>261.23</b>

**Note 25 OTHER EXPENSES**

	As at 31 March,2022		As at 31 March,2021	
Advertisement & Publicity		12.49		2.42
Payments to Auditors:				
As Auditors	5.00		4.00	
For other Services	0.00	5.00	0.00	4.00
Bad debts		15.78		0.00
Bank Rating Charges		.00		0.77
Charity & Donation		2.75		0.00
Commission Expense		528.92		0.00
Communication Expenses		10.91		6.94
Consumable Stores & Spares		46.36		95.05
CSR Expenditure		22.93		26.69
Customs Duty Charges		378.00		98.55
Director's Sitting Fees		2.72		2.00
Dossier Charges		80.22		0.00
Export Ocean Freight		50.85		33.49
Exports Agency Charges		14.81		43.41
Exports Clearing Charges		323.72		13.86
Factory Exp.		452.16		162.29
Fees and taxes		36.02		45.44
Festival Expense		13.72		4.06
Fine & Penalty		2.44		41.69
Freight and forwarding		1908.55		1533.59
Hotel and Accomodation Expenses		9.78		0.00
Import Charges		28.33		10.27
Insurance		31.34		103.33
Interest & Late Fees on TDS Defaults		12.22		0.36
Inward expenses		5.01		0.22
Legal and professional Charges		107.45		159.72
Loss on Sale of Vehicle		.00		1.96
Management & Consultancy expenses		10.18		19.23
Miscellaneous expenses		7.45		38.17
Office Expenditure		25.61		34.21
Postage & Telegram		17.23		15.50
Power, Fuel , Gases & Electricity		1105.83		610.65
Printing and stationery		55.01		81.28
Rent including lease rentals		9.42		3.72
Repairs and maintenance		452.12		599.12
Sales commission		29.20		957.86
Sales Promotion		.00		4.89
Security Charges		28.43		0.00
Share Issue Expense & Other Deferred Revenue Expenses		.00		3.46
Software Expenses		.04		0.00
Staff Welfare Expenses		2.68		0.00
Tender Expenses		.52		0.79
Testing, Laboratory charges		501.80		316.73
Travelling and conveyance		23.69		21.49
<b>Total</b>		<b>6371.69</b>		<b>5097.24</b>



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### Note 11 FIXED ASSETS

Description of Assets	Gross Block (At Cost)			Accumulated Depreciation				Net Block		
	As at 01.04.2021	Additions during the year	Sale/ Deductions during the year	As at 31.03.2022	Upto 31.03.2021	Dep on asset sold	For the year ended 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 01.04.2021
Plant & Machinery	3827.17	2833.56	.00	6660.73	869.00	.00	585.12	1454.11	5206.61	2958.17
Building	2148.80	132.25	.00	2281.05	575.96	.00	154.66	730.62	1550.43	1572.85
New Building under Construction	289.42	925.43	.00	1214.85	.00	.00	.00	.00	1214.85	289.42
Furniture	123.52	201.99	.00	325.51	64.76	.00	64.08	128.83	196.68	58.76
Vehicles	626.31	176.22	.00	802.53	415.17	.00	80.67	495.84	306.69	211.14
Computer Equipment	244.16	60.07	.00	304.23	184.46	.00	54.17	239.45	64.78	59.70
Laboratory Equipment	836.83	502.22	.00	1339.06	316.22	.00	101.55	417.77	921.29	520.62
Office Equipment	30.01	11.02	.00	41.03	26.46	.00	1.22	27.68	13.35	3.56
Lift A/c.	31.17	17.18	.00	48.35	20.18	.00	3.35	23.53	24.82	10.99
Electric Fittings	105.44	40.59	.00	146.03	55.25	.00	19.60	74.85	71.18	50.20
Land	105.80	615.54	.00	721.33	.00	.00	.00	.00	721.33	105.80
<b>Total</b>	<b>8368.64</b>	<b>5516.07</b>	<b>.00</b>	<b>13884.71</b>	<b>2527.45</b>	<b>.00</b>	<b>1064.41</b>	<b>3592.69</b>	<b>10292.02</b>	<b>5841.20</b>
<b>Previous Year Figure</b>	<b>6117.54</b>	<b>2338.43</b>	<b>87.33</b>	<b>8368.64</b>	<b>1954.80</b>	<b>70.97</b>	<b>643.61</b>	<b>2527.45</b>	<b>5841.20</b>	<b>4162.74</b>

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

Sd/-  
**CA Gaurav Aggarwal**  
(Partner)  
Membership No. 098347  
UDIN:22098347AJVEEG4340

Place: Amritsar  
Date: 28-05-2022

**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



## Annual Report 2021-22

### KQUALITY PHARMACEUTICALS LIMITED Standalone Cash Flow Statement for the year ended 31st March 2022

		Year ended 31st March 2022 (Rupees in Lakhs)	Year ended 31st March 2021 (Rupees in Lakhs)
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before Tax	16167.49	2179.91
	Adjustments for:		
	Depreciation	1064.41	643.61
	(Profit)/loss on sale of Assets	-	1.96
	Long-term Provision for Gratuity	7.52	5.64
	Amortisation of Share Capital Expenses	-	3.46
	Interest & Finance Charges	291.73	261.23
	Interest on FDR	(12.28)	(18.14)
	Interest on Investment, deposits and advances	-	-
	Investment In shares written off	-	-
		1351.38	897.76
	<b>Operating Profit before Working Capital Changes</b>	<b>17,518.87</b>	<b>3,077.67</b>
	Adjustments for:		
	Decrease/(Increase) in Receivables	(3,293.00)	(743.04)
	Decrease/(Increase) in Short Term Loans & advances	(5,120.77)	(992.24)
	Decrease/(Increase) in Inventories	(3,599.57)	505.23
	Decrease/(Increase) in Other Current Assets	-	3.46
	Decrease/(Increase) in Current Investments	443.75	(110.00)
	Increase/(Decrease) in Other current Liabilities	142.16	927.98
	Increase/(Decrease) in Short Term Provisions	3,520.00	280.00
	Increase/(Decrease) in Payables	830.01	324.93
		(7,077.43)	196.32
	<b>Cash generated from operations</b>	<b>10,441.44</b>	<b>3,273.99</b>
	Less: Income Tax	4135.37	638.40
	<b>Net Cash flow from Operating activities (A)</b>	<b>6,306.07</b>	<b>2,635.59</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(5,515.23)	(2,339.27)
	Sale of Fixed Assets	-	14.40
	Decrease in Investment	(4.83)	(12.85)
	Interest on Investment	-	-
	Interest on Electricity Deposit	-	-
	Interest on FDR	12.28	18.14
	Increase in Other Non Current Assets	(789.80)	-
	<b>Net Cash used in Investing activities (B)</b>	<b>(6,297.59)</b>	<b>(2,319.58)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Long term Borrowings	1,436.77	1,516.79
	Proceeds from Short term Borrowings	654.95	35,794.52
	Repayment of Long Term Borrowings	(1,234.32)	(509.19)
	Repayment of Short Term Borrowings	-	(36,458.24)
	Interest paid	(291.73)	(261.23)
	Increase in Long term Liabilities	-	-
	Share Issue Expenses	-	-
	<b>Net Cash from financing activities (C)</b>	<b>565.67</b>	<b>82.65</b>
	<b>Net increase in cash &amp; Cash Equivalents (A+B+C)</b>	<b>574.15</b>	<b>398.65</b>
	Opening Cash and Cash equivalents	513.30	114.65
	<b>Closing Cash and Cash equivalents</b>	<b>1,087.45</b>	<b>513.30</b>
	<b>Cash &amp; Cash Equivalents</b>	As on	As on
		31.03.2022	31.03.2021
	Cash in Hand	64.04	6.41
	Cash at Bank	1023.41	506.89
	<b>Cash &amp; Cash equivalents as stated in Financial Statements</b>	<b>1087.45</b>	<b>513.30</b>

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

For and on behalf of the Board of Directors

Sd/-  
CA Gaurav Aggarwal  
(Partner)  
Membership No. 098347  
UDIN:22098347AJVEEG4340  
Place: Amritsar  
Date: 28-05-2022

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****NOTES & DISCLOSURES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS For the year ended 31st March, 2022****27. DISCLOSURES RELATING TO SHARE CAPITAL**Reference: **Note 1** of the Standalone Financial Statements in relation to "**Share Capital**"**i) Rights, Preferences and Restrictions attached to Equity Shares**

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share however no shareholder who has not paid call money on his/her shares shall be entitled to vote either personally or by proxy in respect of any of such partly paid shares.

**ii) Equity Shares held by each shareholder holding more than 5 percent Equity Shares in the company are as follows:**

Name of Shareholder	As at 31 <sup>st</sup> March 2022				As at 31 <sup>st</sup> March 2021			
	No. of Equity Shares held	% Holding	Value per Share in Rs	Total Value in Rs Lakhs	No. of Equity Shares held	% Holding	Value per Share in Rs	Total Value in Rs Lakhs
Ramesh Arora	3202484	30.86%	10	320.24	3202484	30.86%	10	320.24
Ajay Arora	1395628	13.45%	10	139.56	1395628	13.45%	10	139.56
RKK PORTFOLIO PRIVATE LIMITED	1293070	12.46%	10	129.30	1381470	13.31%	10	138.14
DEEPAK BANSAL	1093878	10.54%	10	109.38	847878	8.17%	10	84.78
Ways Vinimay Private Ltd.	194	0.00%	10	0.02	563994	5.44%	10	56.39
ADITYA ARORA	684932	6.60%	10	68.49	652932	6.29%	10	65.29

**iii) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	No. of Equity Shares held	Amount in Rupees	No. of Equity Shares held	Amount in Rupees
Opening Balance	10376198	10,37,61,980	10376198	10,37,61,980
Add: Fresh Issue	-	-	-	-
Add: Bonus Share Issue	-	-	-	-
Closing Balance	10376198	10,37,61,980	10376198	10,37,61,980

**iv). Shares held by Promoters**

As at 31<sup>st</sup> March 2022

Sr No.	Promotor's Name	No of shares	% of total shares	% Change during the year
1	Ramesh Arora	3202484	30.86%	0.00%
2	Ajay Arora	1395628	13.45%	0.00%

As at 31<sup>st</sup> March 2021

Sr No.	Promotor's Name	No of shares	% of total shares	% Change during the year
1	Ramesh Arora	3202484	30.86%	0.00%
2	Ajay Arora	1395628	13.45%	0.00%

**28. TERMS OF BORROWINGS AND NATURE OF SECURITIES**

Reference: **Note 3** and **Note 7** of the Standalone Financial Statements in relation to **“Long Term Borrowings”** and **“Short Term Borrowings”** respectively

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

S.No.	Nature of Security	Terms of Repayment
1.	<b>Innova Car (HDFC BANK LTD.)</b>	The loan is repayable in 60 instalmentsof Rs. 31,065/- each starting from April 2018.Amount outstanding as on 31/03/2022 is Rs.355415.54/-
2.	<b>Truck (TATA MOTORS FINANCE LTD.)</b>	The loan is repayable in 59 instalmentsof Rs. 33,153/- each starting from February 2018. Amount outstanding as on 31/03/2022 is Rs.294299.06 /-
3.	<b>BMW 6 SERIES (HDFC BANK LTD.)</b>	The loan is repayable in 60 instalmentsof Rs. 1,38,932/- each starting from December 2018. Amount outstanding as on 31/03/2022 is Rs.2577900.15/-
4.	<b>BMW X3 (HDFC BANK LTD.)</b>	The loan is repayable in 60 instalments of Rs. 1,07,926/- each starting from February 2019. Amount outstanding as on 31/03/2022 is Rs.2183337.02/-
5.	<b>Breeza Car (HDFC BANK LTD.)</b>	The loan is repayable in 36instalmentsof Rs. 30,124/- each starting from July 2019. Amount outstanding as on 31/03/2022 is Rs.131985.23/-
6.	<b>EECO Car (HDFC BANK LTD.)</b>	The loan is repayable in 36 instalmentsof Rs. 12,815/- each starting from December 2019. Amount outstanding as on 31/03/2022 is Rs.53980.19/-
7.	<b>TATA Yodha (Truck) (HDFC BANK LTD.)</b>	The loan is repayable in 36instalments of Rs. 17,320/- each starting from July 2019.Amount outstanding as on 31/03/2022 is Rs.50976.90/-

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8.	<b>Hyundai Creta Car (HDFC BANK LTD.)</b>	The loan is repayable in 39 instalmentsof Rs. 46,468/- each starting from October 2020. Amount outstanding as on 31/03/2022 is Rs.868109.65/-
9.	<b>Toyota Fortuner (HDFC BANK LTD.)</b>	The loan is repayable in 39 instalments of Rs. 1,00,930/- each starting from March 2021. Amount outstanding as on 31/03/2022 is Rs.2470807.69/-
10.	<b>Toyota Innova (HDFC BANK LTD.)</b>	The loan is repayable in 36 instalments of Rs. 55,991/- each starting from February 2021. Amount outstanding as on 31/03/2022 is Rs.1244258.59/-
11.	<b>BBG-WC Term Loan- GECL (HDFC BANK LTD.)</b>	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 553.00 Lakhs. Amount outstanding as on 31/03/2022 is Rs.46941161/-
12.	<b>BBG-WC Term Loan (HDFC BANK LTD.)</b>	The loan is repayable in 48 instalments of Rs. 10,26,654/- each starting from February 2019. Amount outstanding as on 31/03/2022 is Rs.9412338.42/-
13.	<b>BBG- WC Term Loan (HDFC BANK LTD.)</b>	The loan is repayable in 61 instalments of Rs. 8,93,845/- each starting from June 2018. Amount outstanding as on 31/03/2022 is Rs.11880948.28/-
14.	<b>HDFC TERM LOAN</b>	The loan is repayable in 59 instalments of Rs. 8,93,845/- each starting from June 2019. Amount outstanding as on 31/03/2022 is Rs.19557033 /-
15.	<b>BBG- WC Term Loan (HDFC BANK LTD.)</b>	The loan is repayable in 59 instalments of Rs. 1753352/- each starting from September 2020. Amount outstanding as on 31/03/2022 is Rs.61370629.83 /-
16.	<b>BBG- WC Term Loan (HDFC BANK LTD.)</b>	The loan is repayable in 61 instalments of Rs. 2216835/- each starting from June 2021. Amount outstanding as on 31/03/2022 is Rs.131960428.80 /-
17.	<b>WC TERM LOANS-GECL (HDFC BANK LTD.)</b>	The loan is repayable in 48 instalments of Rs. 594/- each starting from February2022. Amount outstanding as on 31/03/2022 is Rs.86738/-
18.	<b>RANGE ROVER (HDFC BANK LTD.)</b>	The loan is repayable in 39 instalments of Rs. 229703/- each starting from August2021. Amount outstanding as on 31/03/2022 is Rs.6488452.48/-
19.	<b>TATA Truck (HDFC BANK LTD.)</b>	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November2021. Amount outstanding as on 31/03/2022 is Rs.1268347.96/-
20.	<b>Truck (HDFC BANK LTD.)</b>	The loan is repayable in 47 instalments of Rs. 36753/- each starting from September2021. Amount outstanding as on 31/03/2022 is Rs.1302582.17/-
21.	<b>Truck (HDFC BANK LTD.)</b>	The loan is repayable in 47 instalments of Rs. 34077/- each starting from November2021. Amount outstanding as on 31/03/2022 is Rs.1268347.96/-
22.	<b>HDFC Cash Credit Limit</b>	Limit sanctioned Rs 1600.00 Lakhs. Outstanding Balance as on 31/03/2022 Rs 1321.25 Lakhs



23.	<b>HDFC PCL Limit</b>	Limit sanctioned Rs 488.00 Lakhs. Outstanding Balance as on 31/03/2022 Rs 480.87 Lakhs
24.	<b>AXIS Bank Cash Credit Limit</b>	Limit sanctioned Rs 500.00 Lakhs. Outstanding Balance as on 31/03/2022 Rs 498.29 Lakhs

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), KhewatKhatoni 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 KaBagh, Kangra, Himachal Pradesh on long term lease from government of Himachal Pradesh.

### **29. RECLASSIFICATION OF LIABILITES INTO CURRENT AND NON-CURRENT**

Reference: **Note 3**, **Note 9** and **Note 24** of the Standalone Financial Statements in relation to **“Long Term Borrowings”**, **“Other Current Liabilities”** and **“Finance Costs”** respectively Repayment of long term borrowings that are due within a year have been reclassified as current maturities of the long term borrowings, depicted under the head Other Current Liabilities in order to facilitate fair comparison between previous year and current year figures. Interest accrued but not due on long term borrowings has been shown in Finance Costs and depicted under the head “Other Current Liabilities” in the Balance Sheet.

### **30. TAXES ON INCOME AND TIMING DIFFERENCES**

Reference: **Note 4** of the Standalone Financial Statements in relation to **“Deferred Tax Liabilities”**

The timing difference mainly relates to difference in depreciation rates & methods as per Companies Act, 2013 and Income Tax Act, 1961, resulting in deferred tax asset as per Accounting Standard 22 on “Accounting for Taxes on Income”

In accordance with the Accounting Standard 22 “Accounting for Taxes on Income issued by the ICAI, the company has accounted for deferred taxes during the year.

Component	DTA/(DTL) as on 31.03.2021	DTA/(DTL) for the year 2021-22	DTA/(DTL) as on 31/03/2022



Opening balance of Deferred Tax Liability	3.75		
On Account of Difference between depreciation as per books of accounts and Income Tax Act, 1961		(31.21)	
Closing Balance of Deferred Tax (Liability)/Asset			(27.46)

**31. ACCOUNTING STANDARD (AS-15) ON EMPLOYEE BENEFITS**

Reference **Note 23** of the Standalone Financial Statements in relation to **“Employee Benefit Expenses”**

The Company has incurred following Employee Benefit Expenses during the year:

	Year ended 31 <sup>st</sup> March 2022 (in Rs.)	Year ended 31 <sup>st</sup> March 2021 (in Rs.)
Contribution to Provident Fund	7384477/-	48,58,558/-
Contribution to Employee State Insurance Scheme	2137120/-	16,32,753/-
Provision for Gratuity	300000/-	8,11,090/-

**32. TRADE PAYABLES AND MICRO AND SMALL ENTERPRISES' DUES**

Reference: **Note 8** of the Standalone Financial Statements in relation to **“Trade Payables”**

- a) Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. There are total Rs. **1,576.24 Lakhs** of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006. Total Outstanding Trade Payables as on March 31<sup>st</sup>, 2022 are Rs. **3451.47 Lakhs** and March 31<sup>st</sup>, 2021 are Rs. **2621.46 Lakhs**.

**Trade Payables ageing schedule for the year ending 31.03.2022 (Rs. In Lakhs)**

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	
i) MSME	1556.37	19.87	-----	-----	1576.24
ii) Others	1678.44	180.88	15.53	0.38	1875.24
iii) Disputed dues- MSME	-----	-----	-----	-----	-----



iv) Disputed dues - Others					
<b>Total</b>	3234.81	200.75	15.53	0.38	3451.47

**Trade Payables ageing schedule for the previous year ending 31.03.2021 (Rs. In Lakhs)**

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	
i) MSME	1034.59	-----	-----	-----	1034.59
ii) Others	1544.69	33.98	8.20	-----	1586.88
iii) Disputed dues- MSME	-----	-----	-----	-----	-----
iv) Disputed dues - Others	-----	-----	-----	-----	-----
<b>Total</b>	2579.28	33.98	8.20	-----	2621.46

**33. SHORT-TERM PROVISIONS**

Reference: **Note 10** of the Standalone Financial Statements in relation to **“Short-term Provisions”**

As per the best estimates and projections of the management, provision for income tax amounting to Rs. 4100.00 Lakhs (Previous Year Rs. 580.00 Lakhs) has been made as per Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets.”

**34. INVESTMENT IN FOREIGN SUBSIDIARY**

Reference: **Note 12** of the Standalone Financial Statements in relation to **“Non-Current Investments”**

The Company has a foreign subsidiary in which the company holds 51% of share capital. The subsidiary Company named Kwality Pharmaceuticals Africa Limitada incorporated on 20.9.2013 under the laws of



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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.

During the year, pharmaceutical products amounting to Rs.10.81 Lakhs have been exported by the company to its foreign subsidiary in Mozambique.

### 35. TANGIBLE ASSETS AND DEPRECIATION

Reference: **Note 11** of the Standalone Financial Statements in relation to **“Property, Plant and Equipment”**, and **“Depreciation and Amortization Expenses”**

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, 2022. Opening balance of Plant and Machinery Work In Progress and New Building under Construction has been capitalised on becoming operational and added to opening balances in respective heads.

**Capital Work In Progress (CWIP) ageing schedule**

(a) For Capital-work-in progress, following ageing schedule shall be given					
CWIP	Amount in CWIP for a period 2021-22				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
Building Under Construction	925.43 Lacs	289.42 Lacs			1214.85 Lacs
(b) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, following					
CWIP	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
NIL					

### 36. TRADE RECEIVABLES

Reference: **Note 16** of the Standalone Financial Statements in relation to **“Trade Receivables”**

Outstanding Trade Receivables as on March 31<sup>st</sup>, 2022i.e. Rs.7070.57 Lakhs and March 31<sup>st</sup>, 2021i.e.Rs. 3777.56Lakhs do include Trade Receivables in foreign currency to such extent as depicted as under:

CURRENCY	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March, 2021	
	Foreign Currency (in USD) in Lakhs	Amount in Rs. In Lakhs	Foreign Currency (in USD) in Lakhs	Amount in Rs. In Lakhs
Amount Receivable in Foreign Currency	80.21	6039.44	23.43	1713.87

The closing rate of exchange has been taken for the conversion purposes for both the years.



Trade Receivables ageing schedule for the year ending 31.03.2022

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 Lakhs	1158.46 Lakhs	359.99 Lakhs	326.19 Lakhs	-----	7036.42 Lakhs
Undisputed Trade Receivables- Considered Doubtful	-----	-----	-----	-----	-----	-----
Disputed Trade Receivables- Considered Good	-----	-----	-----	34.15 Lakhs	-----	34.15 Lakhs
Disputed Trade Receivables- Considered Doubtful	-----	-----	-----	-----	-----	-----
<b>Total</b>	5191.76 Lakhs	1158.46 Lakhs	359.99 Lakhs	360.35 Lakhs	-----	7070.57 Lakhs

Trade Receivables ageing schedule for the year ending 31.03.2021

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	3135.55 Lakhs	140.55 Lakhs	404.69 Lakhs	96.77 Lakhs	-----	3777.57 Lakhs
Undisputed Trade Receivables- Considered Doubtful	-----	-----	-----	-----	-----	-----
Disputed Trade Receivables- Considered Good	-----	-----	-----	-----	-----	-----





Disputed Trade Receivables- Considered Doubtful	-----	-----	-----	-----	-----	-----
<b>Total</b>	3135.55 Lakhs	140.55 Lakhs	404.69 Lakhs	96.77 Lakhs	-	3777.57 Lakhs

**37. COST OF MATERIALS CONSUMED**

Reference: **Note 21** of the Standalone Financial Statements in relation to **“Cost of Materials Consumed”**

The following is the information in relation to cost of materials consumed and percentage of consumption:

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	% Consumption	Rs. In Lakhs	% Consumption	Rs. In Lakhs
<b>Imported and Indigenous</b>				
Imported	32.67	6510.54	17.65	2940.80
Indigenous	67.33	13419.54	82.35	13586.87
<b>TOTAL</b>	100.00	19930.08	100.00	16527.67

**38. EXCHANGE GAIN/(LOSS)**

Reference: **Note 20** of the Standalone Financial Statements in relation to **“Other Income”**

The net exchange gain/(loss) included under Revenue from Operations, Other income, Cost of Materials consumed and other expenses in the Statement of Profit and Loss Account aggregates to Rs. 166.22Lakhs[Previous Year Rs. 36.39Lakhs].

**39. CONTINGENT LIABILITIES AND PENDING LITIGATIONS**❖ **Contingent Liabilities**

Particulars	As at 31 <sup>st</sup> March 2022(Rs. In Lakhs)	As at 31 <sup>st</sup> March 2021 (Rs. In Lakhs)
<b>i Contingent Liabilities</b>		
a) Corporate Guarantee given on behalf of related parties	Nil	Nil
b) Guarantees given by bankers against Government tenders	4.91	59.20

Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. The Company does not expect the outcome of the matters stated above to have material adverse impact on the Company's financial condition, results of operation or cash flows.

❖ **Pending Litigations**



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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.

### 40. **Various Ratios – The details of various ratios along with the explanations are as under:**

**Rs.in Lakhs**

Name of the Ratio	Current Year 31.03.2022			Previous Year 31.03.2021			Variation(in%)	Reasons for variation
	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio		
Current Ratio	22731.77	12962.26	1.75	10588.02	7815.15	1.35	29.63	Substantial increase in Turnover and operating margin
Debt Equity	4329.26	18255.65	0.24	3471.87	6250.99	0.55	-56.36	Increase in reserve and surplus due to increase in profits
Debt Service	16459.21	1526.05	10.79	2441.14	770.42	3.17	240.38	Due to increase in profits
Return on Equity	12004.66	18255.65	0.66	1541.5	6250.99	24.66 %	167.64	Due to increase in profits
Inventory Turnover	45613.16	5336.02	8.55	26150.27	1736.45	15.06	-43.23	Substantial increase in Turnover and operating margin
Trade Receivables	45613.16	5424.07	8.41	26150.27	3406.04	6.92	21.53	Substantial increase in Turnover
Trade Payables	20060.36	3036.48	6.61	16559.13	2459.00	6.73	-1.78	Due to Business operations
Working Capital turnover	45613.16	9769.51	4.67	26150.27	2772.87	9.4	-50.32	Substantial increase in Turnover
Net Profit before tax Ratio	16167.49	45613.16	35.44	2179.91	26150.27	8.34	324.94	Substantial increase in Turnover and operating margin
Return on Capital Employed	16459.21	21305.32	0.77	2441.14	9063.22	0.27	185.19	Substantial increase in Turnover and operating margin
Return on Investment	16459.21	21305.32	0.77	2441.14	9063.22	0.27	185.19	Substantial increase in Turnover and operating margin

### 41. **SIGNIFICANT ACCOUNTING POLICIES**

#### **Corporate Information**

The company was incorporated as private limited company on 04/05/1983 under the Companies Act, 1956, in the state of Punjab at Amritsar. 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 09<sup>th</sup> April 2022 and received the final approval from BSE Limited on 10<sup>th</sup> June, 2022. Accordingly, Equity Shares of the Company are listed on the Main Board of BSE Limited with effect from 13<sup>th</sup> 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.

**i) Basis of preparation of Financial Statements:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian Rupees in Lakhs and rounded off up to two decimal places.

**ii) Use of Estimates:**

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**iii) Current and Non-Current Classification:**

All the Assets and Liabilities have been classified as current and non-current based on the normal operating cycle of the Company and other criteria laid down in Schedule III of the Companies Act, 2013. Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

**iv) Property, Plant and Equipment and Depreciation:**

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation and adjusted for revaluation/impairment loss, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

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, 2022.

**v) Leases:**



The Company's Registered Office and Manufacturing unit is situated at Village Nagkalan, Majitha Road, Amritsar, Punjab, is on leased premises. The same premises is owned by Mr. Ramesh Arora & Mr. Ajay Arora, Promoters of the Company and the lease is for initial period of 49 years. Similarly, another manufacturing unit is situated at Plot No. 1-A, industrial Area Raja KaBagh, Tehsil Nurpur, District Kangra, Jassur, Himachal Pradesh is on also on leased premises. The same premise is owned by Government of Himachal Pradesh and the lease is for long term. Lease Rentals are for the assets taken on lease paid to the lessors are recognized as expense in the Statement of Profit and Loss.

**vi) Revenue Recognition:**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from operations is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

**vii) Inventories:**

Inventories of finished goods are valued at lower of the cost or net realizable value (NRV). Raw Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realisable value.

**viii) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. However, no such instance is present in the financial statements for the year ended 31 March, 2022.

**ix) Research and Development Cost:**

Presently, company's R&D Centre situated at Amritsar for the identification and development of potential products. The Company intends to continue its initiatives in research and development in order to enhance its differentiated product portfolio in both the Domestic Market and international markets. Expenditure incurred on research and development is neither recognised nor treated separately in the books of accounts.

**x) Investments:**



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Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current Investments are carried at the lower of cost or quoted / fair value computed scrip wise, Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

### **xi) Foreign Currency Transactions and Translation:**

Foreign Currency Transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies at the year-end are adjusted at the year-end exchange rates. Any gain or loss arising on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of Long Term Liabilities and assets. Non-monetary items are carried at historical cost.

### **xii) Government Grants and Subsidies:**

Government grants are accounted when there is reasonable assurance that the Company will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made.

### **xiii) Provision for Current Tax and Deferred Tax:**

Tax expenses comprises of Current tax and Deferred tax. Current Tax provision, if any, has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. 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 recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed as at each Balance Sheet date.

### **xiv) Employee Benefits:**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered. Postemployment and other long term employee benefits are recognized by creating provisions against the expected payout and by contributions to the retirement funds such as provident fund contribution.

### **xv) Contingent Liabilities / Provisions:**

Contingent liabilities are not provided in the accounts and are disclosed separately in notes on accounts. Provision is made in the accounts in respect of contingent liabilities which is likely to materialize into liabilities after the year end, till the finalization of accounts and which have material effect on the position stated in the Balance Sheet.

### **xvi) Revaluation of Assets:**

The company assesses at each balance sheet date whether there is any indication due to external factors that an asset or group of assets comprising a cash generating unit (CGU) may be revalued. If any such indication exists, then the revaluation of the value of assets is done by certified valuer. If



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such recoverable amount of the asset or the recoverable amount of the CGU, to which the asset belongs is more than the carrying amount of the asset or the CGU as the case may be, the carrying amount is increased to its recoverable amount and the addition is treated as addition in the value of asset and is recognized in the Revaluation reserve under Reserves and Surplus. If at any subsequent balance sheet date, there is an indication that a previously assessed revaluation no longer exists, the recoverable amount is re assessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

### **xvii) Earnings Per Share**

Basic earnings per share is computed by dividing the net profit for the year after prior period adjustments 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, profit after tax for the year and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **42. INCOME/EXPENDITURE IN FOREIGN CURRENCY**

Particulars	Year ended 31 <sup>st</sup> March 2022 (Rs. In Lakhs)	Year Ended 31 <sup>st</sup> March 2021 (Rs. In Lakhs)
<b>Income</b>		
Sale of Products	29972.32	16576.85
<b>Expenditure</b>		
Capital Goods	716.88	127.55
Raw Materials	6510.55	2940.80

### **43. ACCOUNTING STANDARD (AS-18) ON RELATED PARTY DISCLOSURES**

Name	Relationship	Nature of Transactions	Amount of Transactions for the year 2021-22 (Rs. In Lakhs)	Amount of Transactions for the year 2020-21 (Rs. In Lakhs)
Ajay Arora	Director	Remuneration	39.00	36.00
		Rent	1.08	1.08
Anju Arora	Director	Remuneration	15.00	12.00
Geeta Arora	Director	Remuneration	15.00	12.00
Ramesh Arora	Director	Remuneration	39.00	36.00
		Rent	1.08	1.08



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		Unsecured Loan	70.00 (outstanding as on 31-03-2022)  Rs. 130 Lacs loan repaid during the year	200.00 (outstanding as on 31-03-2021)
Aditya Arora	Director	Remuneration	27.00	24.00
Kanika Arora	Daughter of Director	Salary	3.00	3.00
Kwality Pharmaceuticals Africa Lda	Subsidiary	Sale of Products	10.81	190.67
Aastha Seth	Director's Wife	Salary	4.20	4.20
Geetika Arora	Director's daughter in law	Salary	6.00	6.00

**44. ACCOUNTING STANDARD (AS-20) ON EARNINGS PER SHARE**

	Year ended 31 <sup>st</sup> March 2022 (In Lakhs)	Year ended 31 <sup>st</sup> March 2021 (In Lakhs)
Profit used as numerator for calculating EPS	12004.66	1,541.50
Weighted Average Number of shares used in computing basic and diluted earnings per share ( Including Bonus Share issue)	103.76	103.76
Nominal/Face Value per share	10	10
Basic and Diluted Earnings per share	115.70	14.86
Adjusted Earnings as per AS -20	115.70	14.86

45. No Loans or Advances in the nature of loans are granted during the year to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person.
46. 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.
47. Wilful Defaulter - The company is not declared wilful defaulter by any bank or financial Institution or other lender during the year.
48. Relationship with Struck off Companies - During the year, the company has not carried out any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**Annual Report 2021-22**

49. 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.

50.

(Amounts in Rupees Lacs)

<b>CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
(a) Amount required to be spent by the Company during the year	29.22	19.72
(b) Amount of expenditure incurred on		
(i) construction/acquisition of any asset	-	-
(ii) on purpose other than (i) above	*29.90	26.69
(c) (Shortfall )/ excess at the end of year	0.68	6.97
(d) Total of previous years (shortfall)/excess	6.97	-
(e) Reason for shortfall	N.A	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

\*\* Eradicating hunger, poverty, Promoting Education, Healthcare and setting up homes for poor people, Protection of flora and fauna &amp; Animal Welfare and any activity covered under schedule VII of Companies Act, 2013.

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

51. 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.

52. Undisclosed income - There is no case of search, survey or any other case related to income surrendered or disclosed in any tax assessments under the Income Tax Act, 1961.

53. The company has not invested in Crypto Currency or Virtual Currency during the year.

54. Previous year's figures have been regrouped and rearranged wherever necessary.

**For ARORA AGGARWAL & CO.**

Chartered Accountants

**(Firm Registration No. 021086N)****For and on behalf of the Board of Directors**

Sd/-  
(Ramesh Arora)  
**Managing Director**  
DIN: 00462656

Sd/-  
(Ajay Arora)  
**Whole Time Director**  
DIN: 00462664

Sd/-

**Gaurav Aggarwal**  
**Partner**

Membership Number: **098347**  
**UDIN:22098347AJVEEG4340**

Place: Amritsar  
Date: 28-05-2022

Sd/-  
(GurpreetKaur)  
**Company Secretary**

Sd/-  
(AdityaArora)  
**Director & CFO**





**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To

The Members of  
Kwalita Pharmaceuticals Limited

**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 **31<sup>st</sup> March, 2022**, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at **31st March 2022**, the consolidated profit and its 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 Auditors Responsibilities for the Audit of the 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 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 there under, 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**Information other than the financial statements and auditors' report thereon**

The 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 and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated financial statements in terms of the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. 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 and for preventing and detecting frauds and other irregularities; the selection and application of the 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 fair 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for the 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 also responsible for the overseeing the financial reporting process of the Group.

### **Auditors Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 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:

- Identify and assess the risks of material misstatement of the 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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. 303.87 Lakhs as at 31st March, 2022 and total revenues of Rs. 16.17 Lakhs 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, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely, on the financial statements of the subsidiary provided to us by the Management.

Our opinion on the consolidated financial statements and our report on, the Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the financial statements of the subsidiary provided 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.



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- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account and records maintained by the Holding Company and its subsidiaries included in the Group 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, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31st March 2022 taken on record by the Board of Directors of the Holding Company none of the Directors of the company is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, refer to our Separate Report in “**Annexure A**”.
- g) With respect to the matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation give to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group. Refer Notes to Accounts of the Consolidated Financial Statements in case of Contingent Liabilities.
  - ii) The group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There are no amounts which required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its foreign subsidiary.
- h) 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  
Membership No. 098347  
UDIN:22098347AJVERD6344**

**Place:-Amritsar  
Date:-28-05-2022**



**"Annexure A" to the Independent Auditor's Report**

(Referred to in paragraph 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, 2022** 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 subsidiaries 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, 2022** 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:22098347AJVERD6344**

**Place:-Amritsar  
Date:-28-05-2022**



Annual Report 2021-22

**KWALITY PHARMACEUTICALS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2022**

Rupees in Lakhs

Particulars	Note	As at 31st March 2022 (Audited)	As at 31 March, 2021 (Audited)
<b>A</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	1037.62	1,037.62
(b) Reserves and surplus	2	17076.79	5,077.64
			18114.41
			6,115.26
<b>2 Minority Interest in Subsidiary</b>		(135.49)	(130.19)
			(135.49)
			(130.19)
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	2028.83	1,826.39
(b) Deferred tax liabilities (net)	4	27.46	-
(c) Other long-term liabilities	5	918.04	918.04
(d) Long-term provisions	6	75.33	67.81
			2,812.24
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	2300.43	1,645.48
(b) Trade payables-	8		
i) Total outstanding dues to micro and small enterprises		1576.24	1,034.59
ii) Total outstanding dues other than Micro and Small Enterprises		1875.24	1,586.87
(c) Other current liabilities	9	3178.66	2,982.10
(d) Short-term provisions	10	4100.00	580.00
			13030.56
			7,829.05
<b>TOTAL</b>		<b>34,059.15</b>	<b>16,626.36</b>
<b>B</b>			
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) (i) Property, Plant and Equipme	11	9173.38	5652.65
(ii) Intangible assets			
(iii) Capital Work in progress		1214.85	289.42
(iv) Intangible Assets under Development			
(b) Non-current investments	12	78.22	73.39
(c) Deferred Tax Assets (Net)			3.76
(d) Long-term loans and advances	13	810.79	17.23
(e) Other non-current assets		-	-
			11277.24
			6,036.44
<b>2 Current assets</b>			
(a) Current investments	14	0.00	443.75
(b) Inventories	15	5336.02	1,736.45
(c) Trade receivables	16	6913.05	3,571.08
(d) Cash and cash equivalents	17	1295.11	580.85
(e) Short-term loans and advances	18	9237.74	4,257.79
(f) Other current assets		-	-
			22781.91
			10,589.92
<b>TOTAL</b>		<b>34,059.15</b>	<b>16,626.36</b>

see accompanying notes forming part of financial statements in terms of our Report attached

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

Sd/-  
CA Gaurav Aggarwal  
(Partner)  
Membership No. 098347  
UDIN:22098347AJVERD6344

Place: Amritsar  
Date: 28-05-2022

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





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### KWALITY PHARMACEUTICALS LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2022

Rupees in Lakhs

Particulars	Note	Year ended 31.03.2022 (Audited)	Year ended 31.03.2021 (Audited)
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	19	45,618.52	26,201.44
2 Other income	20	351.19	158.76
3 Total income (1+2)		45,969.71	26,360.20
4 Expenses			
(a) Cost of materials consumed	21	19,930.85	16,527.67
(b) Purchases of stock-in-trade		380.38	22.18
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(250.87)	9.28
(d) Employee benefits expense	23	2,015.12	1590.01
(e) Finance Cost	24	291.73	267.16
(f) Depreciation and amortisation expense		1,069.07	649.30
(g) Other expenses	25	6,376.74	5167.44
Total expenses		29,813.03	24,233.03
5 Profit/(Loss) from operations before Exceptional and Extraordinary items and Tax(3-4)		16156.68	2,127.17
6 Exceptional items			
7 Profit / (Loss) before extraordinary items and tax (5-6)		16156.68	2,127.17
8 Extraordinary items			
9 Profit / (Loss) before tax (7-8)		16156.68	2,127.17
10 Tax expense:			
(a) Current tax		4100.00	580.00
(b) Deferred tax		27.46	16.23
(c) Income tax relating to earlier years		35.37	42.18
11 Profit / (Loss) from continuing operations (9 +10)		11993.85	1,488.75
<b>B DISCONTINUING OPERATIONS</b>			
12 Profit / (Loss) from discontinuing operations		0.00	0.00
13 Tax expense from discontinuing operations		0.00	0.00
14 Profit / (Loss) from discontinuing operations (after tax)		0.00	0.00
15 Profit / (Loss) for the year (11 + 14)		11993.85	1,488.75
16 Add/ ( Less) Minority Interest in Subsidiary Profits		5.29	25.84
17 Profit / (Loss) for the year (15 + 16)		11,999.15	1,514.59
18 Paid up equity sharecapital(Face value Rs.10 per share)		1037.62	1,037.62
19 Earning Per Share(EPS)			
Basic		115.64	14.60
Diluted		115.64	14.60

see accompanying notes forming part of financial statements in terms of our Report attached

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

Sd/-  
CA Gaurav Aggarwal  
(Partner)  
Membership No. 098347  
UDIN:22098347AJVERD6344  
Place : Amritsar

Date:28-05-2022

For and on behalf of the Board of Directors

Sd/-  
Ramesh Arora  
Managing I  
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

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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 SHARE CAPITAL

	As at 31 March, 2022		As at 31 March, 2021	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each with voting rights	16000000.00	1600.00	16000000.00	1600.00
<b>(b) Issued</b>				
Equity shares of Rs. 10 each with voting rights	10376198.00	1037.62	10376198.00	1037.62
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each with voting rights	10376198.00	1037.62	10376198.00	1037.62
<b>(d) Subscribed but not fully paid up</b>				
<b>Total</b>	<b>10376198.00</b>	<b>1037.62</b>	<b>10376198.00</b>	<b>1037.62</b>

### Note 2 RESERVES AND SURPLUS

	As at 31 March, 2022		As at 31 March, 2021	
	<b>(a) Securities premium account</b>			
Opening balance	846.77		846.77	
Add : Premium on calls paid	0.00		0.00	
Closing balance		846.77		846.77
<b>(b) Investment Allowance Reserve</b>		0.21		0.21
<b>(c) Land &amp; Building Revaluation Reserve</b>		80.00		80.00
<b>(d) Capital Reserve</b>		8.00		8.00
<b>(e) Surplus / (Deficit) in Statement of Profit and Loss</b>				
Opening balance	4278.39		2628.07	
Add: Profit / (Loss) for the year	12004.66		1514.60	
Less : Appropriations				
Less: Bonus Issue	-		-	
Interim Dividend	-		-	
Dividend Distribution Tax	-		-	
Closing balance		16283.05		4142.67
<b>MOZAMBIQUE</b>				
ACCUMULATED LOSS		-141.23		-
<b>Total</b>		<b>17076.79</b>		<b>5077.64</b>

### Note 3 LONG TERM BORROWINGS

	As at 31 March, 2022		As at 31 March, 2021	
	<b>(a) Term loans</b>			
From Banks (Secured)		1955.89		1619.88
From other parties				
Secured	2.94		6.51	
Unsecured	70.00		200.00	
		72.94		206.51
<b>(b) For the current Maturities of Long Term debt refer Note Other Current Liabilities</b>				
<b>Total</b>		<b>2028.83</b>		<b>1826.39</b>



**Note 4 DEFERRED TAX LIABILITY/ ASSET**

	As at 31 March,2022		As at 31 March,2021	
<b>Deferred tax Liability/Assets</b>				
<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		(3.76)		(19.98)
less: Written off during the year in tax relating to earlier years		(3.76)		
Current Year Adjustment of deferred Tax Asset		27.46		16.23
<b>Net deferred tax liability / (asset)</b>		<b>27.46</b>		<b>(3.76)</b>

**Note 5 OTHER LONG TERM LIABILITIES**

	As at 31 March,2022		As at 31 March,2021	
Security Deposit Against Supply/Sale Of Goods		918.04		918.04
<b>Total</b>		<b>918.04</b>		<b>918.04</b>

**Note 6 LONG TERM PROVISIONS**

	As at 31 March,2022		As at 31 March,2021	
Provision for Gratuity		75.33		67.81
<b>Total</b>		<b>75.33</b>		<b>67.81</b>

**Note 7 SHORT TERM BORROWINGS**

	As at 31 March,2022		As at 31 March,2021	
Loans repayable on demand				
From Banks				
(a) Cash Credit Facility	1819.55		539.04	
(b) Packing Credit Facility	480.88		1106.44	
Loans from Banks are secured against Inventory, Book Debts and Collateral securities in Immovable Properties		2300.43		1645.48
<b>Total</b>		<b>2300.43</b>		<b>1645.48</b>

**Note 8 TRADE PAYABLES**

	As at 31 March,2022		As at 31 March,2021	
Trade payables:				
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		1576.24		1034.59
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		1875.24		1586.87
<b>Total</b>		<b>3451.47</b>		<b>2621.46</b>

**Note 9 OTHER CURRENT LIABILITIES**

	As at 31 March,2022		As at 31 March,2021	
(a) Current Maturities of Long-Term Debts		1071.87		650.93
(b) Interest Accrued but not due on borrowings		13.93		10.44
(c) Other payables				
Statutory Remittances	27.01		23.64	
Security Deposits Received	4.50		4.50	
Credit balances in Directors Salary A/c	1.81		46.69	
Other Expenses Payable	206.37		138.92	
Advances from customers	1784.87		2093.06	
Payables at Mozambique	68.30	2092.86	13.91	2320.73
<b>Total</b>		<b>3178.66</b>		<b>2982.10</b>

**Note 10 SHORT TERM PROVISIONS**

	As at 31 March,2022		As at 31 March,2021	
Provision for Taxation		4100.00		580.00
<b>Total</b>		<b>4100.00</b>		<b>580.00</b>



**Note 11 Property, Plant and Equipment**

	As at 31 March, 2022	As at 31 March, 2021
GROSS BLOCK - OTHER THAN CAPITAL WIP	12812.73	8222.10
LESS: DEPRECIATION	3639.35	2569.45
<b>NET BLOCK</b>	<b>9173.38</b>	<b>5652.65</b>

**Note 12 NON CURRENT INVESTMENTS**

	As at 31 March, 2022	As at 31 March, 2021
Gold Coins	2.88	2.88
Trustline Securities Ltd.	-	2.69
Gratuity Fund Investments	75.33	67.81
<b>Total</b>	<b>78.22</b>	<b>73.39</b>

**Note 13 LONG TERM LOANS AND ADVANCES**

	As at 31 March, 2022	As at 31 March, 2021
Advances For Purchase of Land	768.04	0.00
Security Deposits	42.75	17.23
<b>Total</b>	<b>810.79</b>	<b>17.23</b>

**Note 14 CURRENT INVESTMENTS**

	As at 31 March, 2022	As at 31 March, 2021
Fixed Deposits including deposits towards Margin Money Against Guarantees	-	443.75
<b>Total</b>	<b>-</b>	<b>443.75</b>

**Note 15 INVENTORIES**

(As taken valued and certified by the Directors)

	As at 31 March, 2022	As at 31 March, 2021
(a) Raw materials at cost	3079.35	787.65
(b) Finished goods at cost or net realisable value which ever is lower	836.01	585.13
(c) Packing Material at Cost	1420.66	363.66
<b>Total</b>	<b>5336.02</b>	<b>1736.45</b>

**Note 16 TRADE RECEIVABLES**

	As at 31 March, 2022	As at 31 March, 2021
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	1721.29	592.64
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	1721.29	592.64
Other Trade receivables		
Unsecured, considered good	5191.76	2978.43
Less: Provision for doubtful trade receivables	-	-
	5191.76	2978.43
<b>Total</b>	<b>6913.05</b>	<b>3571.08</b>



**Note 17 CASH AND CASH EQUIVALENTS**

	As at 31 March,2022		As at 31 March,2021	
(a) Cash on hand		64.05		6.41
(b) Balances with banks				
(i) In current accounts		641.76		506.89
(c) Balances in Mozambique				
(i) Cash in hand				19.74
(ii) Bank Balance		207.66		47.81
(c) FDR Margin Money		381.64		
<b>Total</b>		<b>1295.11</b>		<b>580.85</b>

**Note 18 SHORT TERM LOANS AND ADVANCES**

	As at 31 March,2022		As at 31 March,2021	
(a) Security deposits		256.73		269.61
(b) Prepaid expenses		09.98		08.95
(c) Balances with government authorities		6450.91		2496.46
(d) Advances for supply of goods and services		2520.10		1341.94
(e) Mozambique Balances with government authorities		-		140.83
<b>Total</b>		<b>9237.74</b>		<b>4257.79</b>

**Note 19 REVENUE FROM OPERATIONS**

	As at 31 March,2022		As at 31 March,2021	
<b>Sale of products</b>				
Domestic		15640.84		9573.42
Export Sales		29961.52		16386.17
Sales At Mozambique		16.17		241.85
<b>Total</b>		<b>45618.52</b>		<b>26201.44</b>

**Note 20 OTHER INCOME**

	As at 31 March,2022		As at 31 March,2021	
Interest on FDR		12.28		18.14
Foreign Currency Adjustment		166.22		36.39
Export Duty Drawback		167.66		104.22
Other Income		5.03		0.00
<b>Total</b>		<b>351.19</b>		<b>158.76</b>

**Note 21 COST OF MATERIAL CONSUMED**

	As at 31 March,2022		As at 31 March,2021	
Opening stock Raw material and Packing material		1151.31		1647.27
Add: Purchases Raw material and Packing material		23279.55		16031.71
		24430.86		17678.98
Less: Purchase return		24430.86		17678.98
Less: Closing stock Raw material and Packing material		4500.01		1151.31
<b>Total</b>		<b>19930.85</b>		<b>16527.67</b>

**Note 22 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

	As at 31 March,2022		As at 31 March,2021	
Opening stock Finished Goods		585.13		594.41
Less: Closing stock of Finised Goods		836.01		585.13
		(250.87)		9.28
<b>Total</b>		<b>(250.87)</b>		<b>9.28</b>



**Note 23 EMPLOYEE BENEFITS EXPENSE**

	As at 31 March,2022		As at 31 March,2021	
Salaries and wages		1795.31		1288.03
Directors Remuneration		-		120.00
Provision for gratuity		3.00		8.11
Contributions to provident and other funds		95.22		65.86
Staff welfare expenses		115.15		85.91
Staff Expenses at Mozambique:				
Staff Salary		6.45		22.10
<b>Total</b>		<b>2015.12</b>		<b>1590.01</b>

**Note 24 FINANCE COSTS**

	As at 31 March,2022		As at 31 March,2021	
(a) Interest expense on:				
(i) Bank Borrowings		244.24		237.26
(iii) Interest & financial chgs on vehicle & other loans		33.55		19.46
(iv) Interest Accrued but not due on borrowings		13.93		10.44
<b>Total</b>		<b>291.73</b>		<b>267.16</b>

**Note 25 OTHER EXPENSES**

	As at 31 March,2022		As at 31 March,2021	
Advertisement & Publicity		12.49		2.42
Payments to Auditors:				
As Auditors	5.00		4.00	
For other Services	.00	5.00	0.00	4.00
Bad debts		15.78		0.00
Bank Rating Charges		.00		0.77
Charity & Donation		2.75		0.00
Commission Expense		528.92		0.00
Communication Expenses		10.91		6.94
Consumable Stores & Spares		46.36		95.05
CSR Expenditure		22.93		26.69
Customs Duty Charges		378.00		98.55
Director's Sitting Fees		2.72		2.00
Dossier Charges		80.22		0.00
Export Ocean Freight		50.85		33.49
Exports Agency Charges		14.81		43.41
Exports Clearing Charges		323.72		13.86
Factory Exp.		452.16		162.29
Fees and taxes		36.02		45.44
Festival Expense		13.72		4.06
Fine & Penalty		2.44		41.69
Freight and forwarding		1908.55		1533.59
Hotel and Accomodation Expenses		9.78		0.00
Import Charges		28.33		10.27
Insurance		31.34		103.33
Interest & Late Fees on TDS Defaults		12.22		0.36
Inward expenses		5.01		0.22
Legal and professional Charges		107.45		159.72
Loss on Sale of Vehicle		.00		1.96
Management & Consultancy expenses		10.18		19.23
Miscellaneous expenses		7.45		38.17



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Office Expenditure		25.61	34.21
Postage & Telegram		17.23	15.50
Power, Fuel , Gases & Electricity		1105.83	610.65
Printing and stationery		55.01	81.28
Rent including lease rentals		9.42	3.72
Repairs and maintenance		452.12	599.12
Sales commission		29.20	957.86
Sales Promotion		.00	4.89
Security Charges		28.43	0.00
Share Issue Expense & Other Deferred Revenue Expenses		.00	3.46
Software Expenses		.04	0.00
Staff Welfare Expenses		2.68	0.00
Tender Expenses		.52	0.79
Testing, Laboratory charges		501.80	316.73
Travelling and conveyance		23.69	21.49
<b>Mozambique Subsidiary Expenditure:</b>			
Office Expenses		0.57	3.87
Travelling		0.70	5.57
Stationary		0.35	1.28
Professional fee		0.45	2.87
Fuel and electricity		0.97	2.68
Communication		0.37	1.33
Other Expenses		0.05	3.82
Fees and taxes		0.64	2.55
Forex Losses		0.00	26.84
Import Expenses		0.97	19.37
<b>Total</b>		<b>6376.74</b>	<b>5167.44</b>

Note 11 FIXED ASSETS

Description of Assets	Gross Block (At Cost)			Accumulated Depreciation				Net Block		
	As at 01.04.2021	Additions during the year	Sale/ Deductions during the year	As at 31.03.2022	Upto 31.03.2021	Dep on asset sold	For the year ended 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 01.04.2021
Plant & Machinery	3827.17	2833.56	0.00	6660.73	869.00	0.00	585.12	1454.11	5206.61	2958.17
Building	2148.80	132.25	0.00	2281.05	575.96	0.00	154.66	730.62	1550.43	1572.85
New Building under Construction	289.42	925.43	0.00	1214.85	0.00	0.00	0.00	0.00	1214.85	289.42
Furniture	123.52	201.99	0.00	325.51	64.76	0.00	64.08	128.83	196.68	58.76
Vehicles	626.31	176.22	0.00	802.53	415.17	0.00	80.67	495.84	306.69	211.14
Computer Equipment	244.16	60.07	0.00	304.23	184.46	0.00	54.17	239.45	64.78	59.70
Laboratory Equipment	836.83	502.22	0.00	1339.06	316.22	0.00	101.55	417.77	921.29	520.62
Office Equipment	30.01	11.02	0.00	41.03	26.46	0.00	1.22	27.68	13.35	3.58
Lift A/c.	31.17	17.18	0.00	48.35	20.18	0.00	3.35	23.53	24.82	10.99
Electric Fittings	105.44	40.59	0.00	146.03	55.25	0.00	19.60	74.85	71.18	50.20
Land	105.80	615.54	0.00	721.33	0.00	0.00	0.00	0.00	721.33	105.80
Property and furniture at Mozambique	142.88	0.00	0.00	142.88	42.00	0.00	4.66	46.66	96.22	100.87
<b>Total</b>	<b>8511.52</b>	<b>5516.07</b>	<b>0.00</b>	<b>14027.59</b>	<b>2569.45</b>	<b>0.00</b>	<b>1069.07</b>	<b>3639.35</b>	<b>10388.23</b>	<b>5942.07</b>
Previous Year Figure	6259.74	2339.11	87.33	8511.52	1991.12	70.97	649.30	2569.45	5942.07	4268.63



KWALITY PHARMACEUTICALS LIMITED

**Consolidated Cash Flow Statement for the year ended 31st March 2022**

	Year ended 31st March 2022 in Lakhs)	(Rupees)	Year ended 31st March 2021 (Rupees in Lakhs)
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>		<b>16156.68</b>	2127.16
Adjustments for:			
Depreciation	1,069.07		649.30
(Profit)/loss on sale of Assets	-		1.96
Long-term Provision for Gratuity	7.52		5.64
Amortisation of Share Capital Expenses	-		3.46
Interest & Finance Charges	291.73		267.16
Interest on FDR	(12.28)		(18.14)
Interest on Investment, deposits and advances	-		-
Investment In shares written off	-		-
Minority Interest Adjustment	-		-
Assets Revaluation	-		-
		1356.04	909.38
<b>Operating Profit before Working Capital Changes</b>		<b>17,512.72</b>	<b>3036.54</b>
Adjustments for:			
Decrease/(Increase) in Receivables	(3,341.97)		(537.95)
Decrease/(Increase) in Short Term Loans & advances	(4,979.95)		(1,120.58)
Decrease/(Increase) in Inventories	(3,599.57)		505.23
Decrease/(Increase) in Other Current Assets	-		3.46
Decrease/(Increase) in Current Investments	443.75		(110.00)
Increase/(Decrease) in Other current Liabilities	196.55		927.32
Increase/(Decrease) in Short Term Provisions	3,520.00		280.00
Increase/(Decrease) in Payables	830.01		324.92
		(6,931.18)	272.41
<b>Cash generated from operations</b>		<b>10,581.54</b>	<b>3,308.95</b>
Less: Income Tax		<b>4135.37</b>	<b>638.41</b>
<b>Net Cash flow from Operating activities (A)</b>		<b>6,446.17</b>	<b>2,670.54</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,515.24)		(2,339.95)
Sale of Fixed Assets	-		14.40
Increase in Investment	(4.83)		(12.85)
Interest on Investment	-		-
Interest on Electricity Deposit	-		-
Interest on FDR	12.28		18.14
Increase in Other Non Current Assets	(789.79)		-
<b>Net Cash used in Investing activities (B)</b>		<b>(6,297.59)</b>	<b>(2,320.26)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term Borrowings	1,436.77		1,516.79
Proceeds from Short term Borrowings	654.95		35,794.53
Repayment of Long Term Borrowings	(1,234.32)		(509.19)
Repayment of Short Term Borrowings			(36,458.24)
Interest paid	(291.73)		(267.16)
Increase in Long term Liabilities	-		-
Share Issue Expenses			
<b>Net Cash from financing activities (C)</b>		<b>565.67</b>	<b>76.73</b>
<b>Net increase in cash &amp; Cash Equivalents (A+B+C)</b>		<b>714.26</b>	<b>427.01</b>
Opening Cash and Cash equivalents		580.85	153.84
Closing Cash and Cash equivalents		<b>1,295.11</b>	<b>580.85</b>





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Cash & Cash Equivalents				
Cash in Hand		64.04		26.15
Cash at Bank		1231.07		554.7
<b>Cash &amp; Cash equivalents as stated in Financial Statements</b>		<b>1295.11</b>		<b>580.85</b>

For ARORA AGGARWAL & CO  
Chartered Accountants  
(Firm's Registration No. 021086N  
Sd/-  
CA Gaurav Aggarwal  
(Partner)  
Membership No. 098347

Place: Amritsar  
Date: 28-05-2022

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****NOTES & DISCLOSURES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March, 2022****1. Corporate Information**

Kwality Pharmaceuticals Limited 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 Kwality Pharmaceuticals Africa Limitada incorporated on 20.9.2013 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.

**2. Shareholding Pattern of Subsidiary**

Name of Shareholder	% Shareholding
Kwality Pharmaceuticals Limited	51
Mr. Rajendra Singh Golan	49
	100

**3. Board of Directors**

Name of Director	Designation
Mr. Ramesh Arora	Director
Mr. Rajendra Singh Golan	Director

**4. Significant Accounting Policies****l) a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention.

**b) Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences



between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**II) Principles of Consolidation:**

The consolidated financial statements pertain to Kwalita Pharmaceuticals Limited (“the Company”/ “the Parent”/ “the Holding Company”) and its subsidiary company. The financial statements of the subsidiary are drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March, 2022.

These consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together, the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered in accordance with Accounting Standard-21 -“Consolidated Financial Statements”.

b) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate Financial Statements.

c) In case of foreign subsidiaries, being integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year except for the fixed assets which are consolidated at the historical rate. Any exchange difference arising on consolidation is recognized in Consolidated Statement of Profit & Loss.

d) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company’s shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:

i. The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and

ii. The minority share of movements in equity since the date the parent subsidiary relationship came into existence.

e) Minority Interest’s share of net loss of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the Group.

f) The list of subsidiary companies, joint ventures and associates which are included in the consolidation and the Group’s holdings therein are as under:

Sr.No.	Name of Subsidiary	Ownership in % either directly or through subsidiaries		Country of Incorporation
		2021-2022	2020-2021	
1	Kwalita Pharmaceuticals Africa Limitada	51%	51%	Africa

**III) Accounting for Investments other than in Subsidiary**

Investments other than in subsidiary are accounted as per Accounting Standard-13 on “Accounting for Investments”.

**IV) CONTINGENT LIABILITIES AND PENDING LITIGATIONS**

**❖ Contingent Liabilities**

Particulars	As at 31st March 2022(Rs. In Lakhs)	As at 31st March 2021 (Rs. In Lakhs)
<b>i Contingent Liabilities</b>		
<b>Corporate Guarantee given on behalf of related parties</b>	<b>Nil</b>	<b>Nil</b>
<b>Guarantees given by bankers against Government tenders</b>	<b>4.91</b>	<b>59.20</b>

Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. The Company does not expect the outcome of the matters stated above to have material adverse impact on the Company's financial condition, results of operation or cash flows.

**❖ 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.

**V) Other Accounting Policies****a) Property, Plant and Equipment (Tangible/ Intangible)**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

**b) Impairment of Assets**

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

An impairment loss is recognized in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

**c) Depreciation and amortisation**



In respect of Indian parent Company:

Fixed assets are carried at cost of acquisition or construction, less accumulated depreciation and adjusted for revaluation/impairment loss, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

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, 2022.

**d) Borrowing Cost**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**e) Investments**

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature. Current Investments are stated at lower of cost or fair value.

**f) Inventories**

Inventories of finished goods are valued at lower of the cost or net realizable value (NRV). Raw Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realisable value.

**g) Revenue Recognition**

Revenue from sale of goods is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from operations is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxed or duties collected on behalf of the government.



**h) Foreign Currency Transactions/ Translation**

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

b) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

**i) Employee Benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered. Post employment and other long term employee benefits are recognized by creating provisions against the expected payout and by contributions to the retirement funds such as provident fund contribution.

**j) Accounting for Tax**

Tax expenses comprises of Current tax and Deferred tax. Current Tax provision, if any, has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. 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 recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised 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.

**k) Leases**

The Holding Company’s Registered Office and Manufacturing unit is situated at Village Nagkalan, Majitha Road, Amritsar, Punjab, is on leased premises. The same premises is owned by Mr. Ramesh Arora Mr. Ajay Arora, Promoters of the Company and the lease is for initial period of 49 years. Similarly, another manufacturing unit is situated at Plot No. 1-A, industrial Area Raja KaBagh, 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. Lease Rentals are for the assets taken on lease paid to the lessors are recognized as expense in the Statement of Profit and Loss.

**l) Government Grants and Subsidies**

Government grants are accounted when there is reasonable assurance that the Company will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made.

**m) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



Annual Report 2021-22

**For ARORA AGGARWAL & CO.  
Directors**

Chartered Accountants

**(Firm Registration No. 021086N)**

**For and on behalf of the Board of**

Sd/-

**Gaurav Aggarwal  
(Partner)**

Membership Number: **098347**

**UDIN:22098347AJVERD6344**

Place: Amritsar

Date:28-05-2022

Sd/-

(Ramesh Arora)

**Managing Director**

DIN: 00462656

Sd/-

(Ajay Arora)

**Whole Time Director**

DIN: 00462664

Sd/-

(Gurpreet Kaur)

**Company Secretary**

Sd/-

(Aditya Arora)

**Whole Time Director & CFO**

**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 = 1.21 INR as on 31 <sup>ST</sup> March 2022
4.	Share capital	88,67,500.00
5.	Reserves & surplus	(27692936.25)
6.	Total assets	30,387,124.66
7.	Total Outside liabilities	49212560.92
8.	Cash and Bank Balances	20,765,516.26
9.	Turnover /Total Revenue	1,616,587.15
10.	Profit before taxation	(1080589.66)
11.	Provision for taxation	-
12.	Profit after taxation	(1080589.66)
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: 28-05-2022



**KWALITY PHARMACEUTICALS LIMITED**

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

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

Email Id:-[ramesh@kwalitiypharma.com](mailto:ramesh@kwalitiypharma.com); Website :- [www.kwalitiypharma.com](http://www.kwalitiypharma.com)**Form No. MGT-11****Proxy form****[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID

I/We, being the member(s) of **KWALITY PHARMACEUTICALS LIMITED**, holding \_\_\_\_\_ shares of the above named company, hereby appoint

Name :	E-mail Id:
Address:	
Signature :	or failing him/her

Name :	E-mail Id:
Address:	
Signature:	or failing him/her

Name :	E-mail Id:
Address:	
Signature:	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **39<sup>th</sup> Annual General Meeting** of the company, to be held on **Friday 30<sup>th</sup> September, 2022** at 11:30 A.M. at the Registered Office of the Company at **VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution(s)	Vote	
		For	Against
1.	To receive, consider and adopt the (i) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31 <sup>st</sup> March, 2022 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 31 <sup>st</sup> March, 2022 and the Report of the Auditors thereon.		
2.	To appoint a Director in place of Mrs. Anju Arora, (DIN: 03155641), liable to retire by rotation and being eligible, offers herself for reappointment.		
3	To appoint a Director in place of Mrs. Geeta Arora, (DIN :		

**Annual Report 2021-22**

	03155615), liable to retire by rotation and being eligible, offers herself for re-appointment.		
4.	Regularization of Mr. Sachin Seth as a Non-Executive and Non-Independent Director		
5.	Revision in Remuneration of Mr. Ramesh Arora, Managing Director of the Company.		
6.	Revision in Remuneration of Mr. Ajay Kumar Arora, Whole Time Director of the Company.		
7.	Revision in Remuneration of Mrs. Anju Arora, Whole Time Director of the Company		
8.	Revision in Remuneration of Mrs. Geeta Arora, Whole Time Director of the Company		
9.	Revision in Remuneration of Mr. Aditya Arora, Whole Time Director of the Company		
10.	Ratification of Cost Auditors Remuneration		

Signed this \_\_\_\_ day of \_\_\_\_ 2022.

Affix Revenue  
Stamp of Re.1

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder  
across Revenue Stamp

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company.



**KWALITY PHARMACEUTICALS LIMITED**

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

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

Email Id:-[ramesh@kwalitiypharma.com](mailto:ramesh@kwalitiypharma.com); Website :- [www.kwalitiypharma.com](http://www.kwalitiypharma.com)

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**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

**39<sup>th</sup> Annual General Meeting to be held on Friday 30<sup>th</sup> September, 2022.**

Name and Address of the Sole/ First member

---

(In block letters)

DP ID No.:-

Ledger Folio No./Client ID No. \_\_\_\_\_

No. of shares held: \_\_\_\_\_

---

Name of the Proxy (in block letters)

(to be filled by the Proxy attending instead of the member)

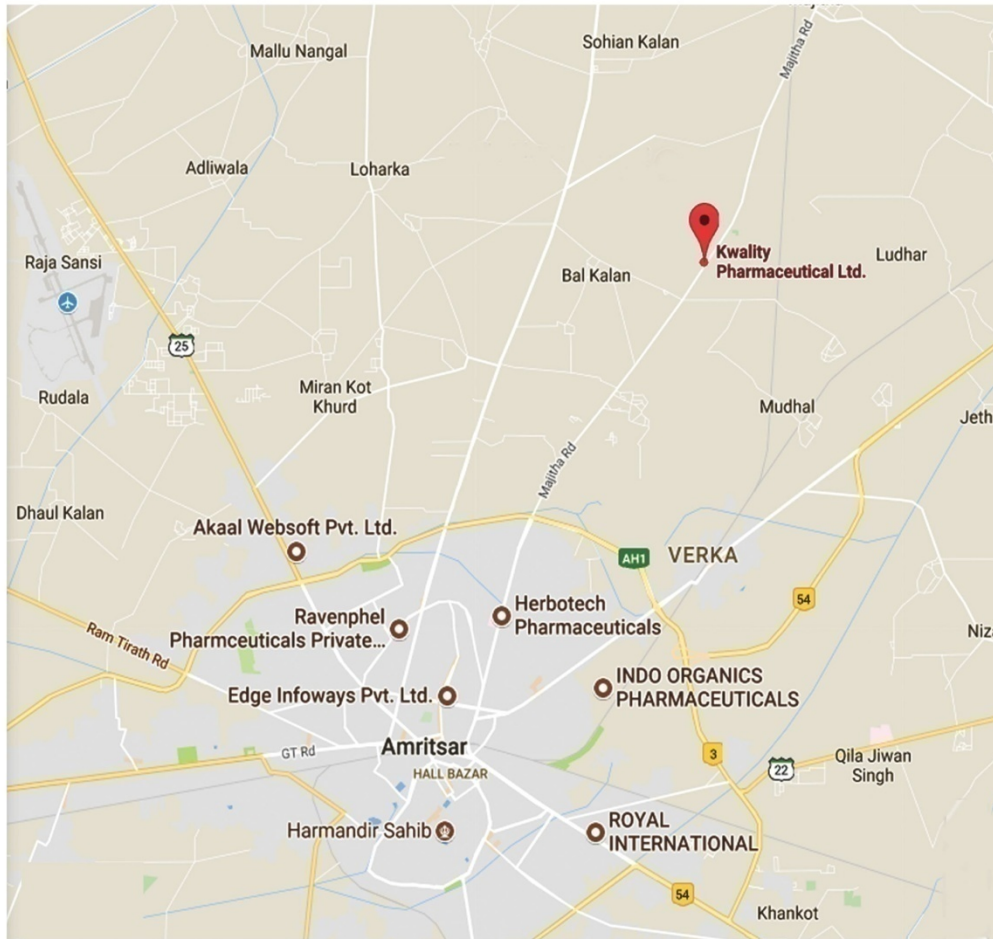
I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the 39<sup>th</sup> Annual General Meeting of the **KWALITY PHARMACEUTICALS LIMITED to be held on Friday 30<sup>th</sup> September, 2022 at 11:30 A.M. at the Registered Office of the Company at VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601.**

(Member's /Proxy's Signature)

**Notes:**

1. Please fill up the attendance slip and hand it over at the entrance of the meeting hall.
2. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available



## ROUTE MAP FOR ANNUAL GENERAL MEETING



**KWALITY PHARMACEUTICALS LIMITED**