

38th ANNUAL REPORT

2020-21

KWALITY PHARMACEUTICALS LIMITED



BOARD OF DIRECTORS 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)	CHIEF FINANCIAL OFFICER Mr. Aditya Arora			
AUDITORS M/s ARORA AGGARWAL & CO. Chartered Accountants Address: # 1, Second Floor, J. K. Towers, Mall Road, Amritsar – 143001. Tel: 0183-5030348	BANKERS <table border="1"> <tr> <td data-bbox="846 621 1122 821"> HDFC Bank Limited The Mall, Amritsar – 143001. </td> <td data-bbox="1122 621 1421 821"> Axis Bank Limited, Green Field Avenue, Majitha Road, Amritsar-143001. </td> </tr> </table>		HDFC Bank Limited The Mall, Amritsar – 143001.	Axis Bank Limited, Green Field Avenue, Majitha Road, Amritsar-143001.
HDFC Bank Limited The Mall, Amritsar – 143001.	Axis Bank Limited, Green Field Avenue, Majitha Road, Amritsar-143001.			
COMPANY SECRETARY & COMPLIANCE OFFICER Ms. Gurpreet Kaur	REGISTRAR & SHARE TRANSFER AGENTS 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: www.bigshareonline.com			
REGISTERED OFFICE Village Nagkalan, Majitha Road, Amritsar, Punjab – 143601, India Tel: 8558820862 Website: www.kwalitypharma.com , E-mail: cs@kwalitypharma.com	ANNUAL GENERAL MEETING ON THURSDAY SEPTEMBER 30, 2021 AT 11:30 A.M. AT VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601			

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KWALITY PHARMACEUTICALS LIMITED

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

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

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

Notice

Notice is hereby given that the **38th Annual General Meeting** of the members of **KWALITY PHARMACEUTICALS LIMITED** will be held on **Thursday 30th September, 2021** 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, 2021, 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, 2021 and the Report of the Auditors thereon.
2. To appoint a Director in place of **Mr. Ramesh Arora, (DIN : 00462656)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Mr. Aditya Arora, (DIN : 07320410)**, liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Appointment of Mr. Kartik Kapur (DIN: 08966816) as an Independent Director of the Company

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

“RESOLVED THAT **Mr. Kartik Kapur (DIN: 08966816)** who was appointed by the Board of Directors on the recommendation of the Nomination and Remuneration Committee as an Additional Director (Independent, Non Executive) of the Company with effect from January 16, 2021 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature to the office of Directorship of the Company, be and is hereby appointed as an Independent Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, the appointment of **Mr. Kartik Kapur (DIN: 08966816)** who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from January 16, 2021 upto January 15, 2026, be and is hereby approved.”



5. Re-Appointment of Mr. Ramesh Arora (DIN: 00462656). as the Managing Director and Revision of Remuneration

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 recommendation of Nomination and Remuneration Committee to the Board Directors and in accordance with the provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of Company, consent of the members of the company be and is hereby accorded to the re-appointment of **Mr. Ramesh Arora (DIN: 00462656)**, as Managing Director of the Company, for a further period of five years w.e.f 16.01.2021 who shall be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, 198, 203, 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. 3,00,000/- per month to Rs. 3,50,000/- per month with effect from 01-10-2021 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 appointment and / or 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. Re-Appointment of Mr. Ajay Kumar Arora (DIN: 00462664) as the Whole Time Director and Revision of Remuneration



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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 recommendation of Nomination and Remuneration Committee to the Board Directors and in accordance with the provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and the Articles of Association of Company, consent of the members of the company be and is hereby accorded to the re-appointment of **Mr. Ajay Kumar Arora (DIN: 00462664)**, as Whole Time Director of the Company, for a further period of five years w.e.f 16.01.2021 who shall be liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203, 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 Kumar Arora (DIN: 00462664)**, Whole Time Director of the Company from the existing Rs. 3,00,000/- per month to Rs. 3,50,000/- per month with effect from 01-10-2021 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 appointment and / or 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. Re-Appointment of Mrs. Geeta Arora (DIN: 03155615) as the Whole Time Director and Revision of Remuneration

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



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“RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee to the Board Directors and in accordance with the provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and the Articles of Association of Company, consent of the members of the company be and is hereby accorded to the re-appointment of **Mrs. Geeta Arora (DIN: 03155615)**, as Whole Time Director of the Company, for a further period of five years w.e.f 16.01.2021 who shall be liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203, 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. Geeta Arora (DIN: 03155615)**, Whole Time Director of the Company from the existing Rs. 1,00,000/- per month to Rs. 1,50,000/- per month with effect from 01-10-2021 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 appointment and / or 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. Re-Appointment of Mrs. Anju Arora (DIN: 03155641) as the Whole Time Director and Revision of Remuneration

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 recommendation of Nomination and Remuneration Committee to the Board Directors and in accordance with the provisions of Sections 196, 197, 198 and 203 read



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with schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and the Articles of Association of Company, consent of the members of the company be and is hereby accorded to the re-appointment of **Mrs. ANJU ARORA (DIN:03155641)**, as Whole Time Director of the Company, for a further period of five years w.e.f 16.01.2021 who shall be liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203, 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. 1,00,000/- per month to Rs. 1,50,000/- per month with effect from 01-10-2021 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 appointment and / or 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. Re-appointment of Mr. Aditya Arora (DIN:07320410) as the Whole Time Director and Revision of Remuneration

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 recommendation of Nomination and Remuneration Committee to the Board Directors and in accordance with the provisions of Sections 196, 197, 198 and 203 read with schedule V to the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force) and the Articles of Association of Company,



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consent of the members of the company be and is hereby accorded to the re-appointment of **Mr. ADITYA ARORA (DIN:07320410)**, as Whole Time Director of the Company, for a further period of five years w.e.f 30.09.2021 who shall be liable to retire by rotation and on the remuneration, terms and conditions as set out below :-

Remuneration:- The Basic Salary will be Rs. 2,50,000.00 per month, payable monthly w.e.f 30.09.2021.

Perquisites and Allowances :- 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. Re-appointment of Mr. Pankaj Takkar (DIN: 07414345) as an Independent Director of the Company for a period of five (5) years

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 Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, **Mr. Pankaj Takkar (DIN: 07414345)**, whose present term as an Independent Director ended on the 31st January 2021 and reappointed as non executive Independent Director of the Company by the board of directors in the board meeting held on **15th January, 2021** and who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulations of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company, the consent of the members be and is hereby accorded to re-appoint/continue the Directorship of **Mr. Pankaj Takkar (DIN: 07414345)**, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years to hold the office from 01st February, 2021 upto 31st January, 2026”.



“RESOLVED FURTHER THAT the Board of Directors or the Company Secretary be and are hereby severally authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

11. Re-appointment of Mr. Ravi Shanker Singh (DIN: 02303588) as an Independent Director of the Company for a period of five (5) years

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 Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, **Mr. Ravi Shanker Singh (DIN: 02303588)**, whose present term as an Independent Director ended on the 31st January 2021 and reappointed as non executive Independent Director of the Company by the board of directors in the board meeting held on **15th January, 2021** and who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulations of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company, the consent of the members be and is hereby accorded to re-appoint/continue the Directorship of **Mr. Ravi Shanker Singh (DIN: 02303588)**, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years to hold the office from 01st February, 2021 upto 31st January, 2026”.

“RESOLVED FURTHER THAT the Board of Directors or the Company Secretary be and are hereby severally authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

12. Re-appointment of Mr. Kiran Kumar Verma (DIN: 07415375) as an Independent Director of the Company for a period of five (5) years

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 Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, **Mr. Kiran Kumar Verma (DIN: 07415375)**, whose present term as an Independent Director ended on the 31st January 2021 and reappointed as non executive Independent Director of the Company by the board of directors in the board meeting held on **15th January, 2021** and who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulations of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company, the consent of the members be and is hereby accorded to re-appoint/continue the Directorship of **Mr. Kiran Kumar Verma (DIN: 07415375)**, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years to hold the office from 01st February, 2021 upto 31st January, 2026.”

“RESOLVED FURTHER THAT the Board of Directors or the Company Secretary be and are hereby severally authorised to take such steps and do all such acts, deeds, matters and things as may be



considered necessary, proper and expedient to give effect to this Resolution.”

13 .Ratification Of Cost Auditors Remuneration

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under, the company hereby ratifies the remuneration of Rs. 1,10,000/- (Rupees One Lac Ten Thousand Only) plus reimbursement of out of pocket expenses to M/s. Verma Khushwinder & Co., Cost Accountants, Jalandhar, appointed by the Board of Directors of the company, to conduct the audit of cost records of the company for the financial year ending 31st March, 2022.”

By Order Of the Board

Sd/-

(GURPREET KAUR)

Company Secretary & Compliance Officer

Place:- Amritsar

Date:- 06th September 2021

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. 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.

4. Electronic copy of the Annual Report along with the notice of the 38th Annual General Meeting of the Company for year ended 31.03.2021 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 31.03.2021 is being sent in the permitted mode.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23rd September, 2021 to Thursday, 30th September, 2021.
6. 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.



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7. 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.
8. 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 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.
9. 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)
 - Send all correspondence relating to transfer and transmission of shares to Registrar 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.



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15. 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.
16. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
17. 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.
18. 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 / facsimile no. for prompt reply of their communications.

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

Item No.4

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed **Mr. Kartik Kapur (DIN: 08966816)** as an Additional Director (Non Executive, Independent) of the Company with effect from January 16, 2021. In terms of Section 161 (1) of the Companies Act, 2013, Mr. Kartik Kapur holds office up to the date of this Annual General Meeting. Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, Mr. Kartik Kapur has given necessary declaration to the Board that he meets the criteria for independence as provided u/s 149(6) of the Act. The Board is of the opinion that Mr. Kartik Kapur fulfills the conditions specified in the Act and the Rules framed thereunder, for appointment as Independent Director and that he is independent of the management. The appointment of Mr. Kartik Kapur is now being placed before the Members for their approval.

The Company has, in terms of Section 160(1) of the Act received in writing a notice from a Member, proposing his candidature to the office of the directorship of the Company. Mr. Kartik Kapur aged 27 years, has completed his Masters in Pharmacy from Manipal College of Pharmaceutical Sciences in the year 2019. He is young, energetic and dynamic entrepreneur in the field of pharmaceuticals, having two years experience as assistant manufacturing Chemist.

Except **Mr. Kartik Kapur**, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends the Resolution at Item No. 4 of this Notice for approval of the Members. Further details of Mr. Kartik Kapur have been provided in the Annexure to this Notice.

Item No.5

Mr. RAMESH ARORA (DIN : 00462656) was appointed as **Managing Director** of the company on January 16, 2016 for a term of five years. Considering his contribution in the growth of the business and overall marketing and business development activities, the Board of Directors on the recommendation of Nomination and Remuneration Committee (NRC), has re-appointed **Mr. RAMESH ARORA** as Managing Director of the Company for a further period of 5 years effective from January 16, 2021 at its meeting held on January 15, 2021. In this regard, Shareholders' approval is being sought through a special resolution pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013.

Mr. RAMESH ARORA will attain the age of seventy years on June 11, 2024. **Mr. RAMESH ARORA** has rich and varied experience in the industry and has been involved in the operations of the Company. It



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would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Mr. RAMESH ARORA as a Managing Director. Accordingly, approval of the members is sought for passing a Special Resolution for re-appointment of Mr. RAMESH ARORA as a Managing Director, as set out in Part-I of Schedule V to the Act and also under sub-section (3) of Section 196 of the Act. Save and except as provided in the foregoing paragraph, Mr. RAMESH ARORA satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2021 recommended revision in remuneration of **Mr. RAMESH ARORA** for payment upto Rs. 3,50,000/- (Rupees Three Lac Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2021, 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, 2021 subject to further approval of Members at the forthcoming Annual General Meeting.

Mr. RAMESH ARORA is not disqualified from being reappointed as a Managing Director in terms of Section 164 read with Schedule V of the of the Act and has given his consent to act as a Managing Director of the Company. The Company has also received a declaration to the effect that he is not debarred from holding the office of Directorship by virtue of any SEBI order or any other authority. He also satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible to be re-appointed.

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 strategies and overall administration control and supervision.
(2).	Past Remuneration	Rs. 3,00,000/- 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.

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		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
(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. But the company is confident that it will be able to increase the level of profits by inducting managerial remuneration with proven track record and experience and by increasing the volumes of business.
(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	Expected turnover around Rs.700 Crore and expected IT in measurable terms for 2021-22 is around Rs. 30 Crore
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and 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, 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.



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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 (DIN: 00462664) was appointed as Whole Time Director of the company on January 16, 2016 for a term of five years. Considering his contribution in the growth of the business and overall marketing and business development activities, the Board of Directors on the recommendation of Nomination and Remuneration Committee (NRC), has re-appointed **Mr. Ajay Kumar Arora** as Whole Time Director of the Company for a further period of 5 years effective from January 16, 2021 at its meeting held on January 15, 2021. In this regard, Shareholders' approval is being sought through a special resolution pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2021 recommended revision in remuneration of **Mr. AJAY KUMAR ARORA** for payment upto Rs. 3,50,000/- (Rupees Three Lac Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2021, 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, 2021 subject to further approval of Members at the forthcoming Annual General Meeting.

Mr. Ajay Kumar Arora is not disqualified from being reappointed as a Whole Time Director in terms of Section 164 read with Schedule V of the of the Act and has given his consent to act as a Whole Time Director of the Company. The Company has also received a declaration to the effect that he is not debarred from holding the office of Directorship by virtue of any SEBI order or any other authority. He also satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible to be re-appointed.

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.
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(2).	Past Remuneration	Rs. 3,00,000/- 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 our Company. 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. 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
(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. But the company is confident that it will be able to increase the level of profits by inducting managerial remuneration with proven track record and experience and by increasing the volumes of business.
(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	Expected turnover around Rs.700 Crore and expected IT in measurable terms for 2021-22 is around Rs. 30 Crore
	Disclosures	NIL

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



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Except Mr. Ajay Kumar Arora, Appointee and Mr. Ramesh Arora, Mrs. Geeta Arora, Mrs. Anju Arora & Mr. Aditya Arora, 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. Geeta Arora (DIN: 03155615) was appointed as Whole Time Director of the company on January 16, 2016 for a term of five years. Considering her contribution in the growth of the business and overall marketing and business development activities, the Board of Directors on the recommendation of Nomination and Remuneration Committee (NRC), has re-appointed **Mrs. Geeta Arora** as Whole Time Director of the Company for a further period of 5 years effective from January 16, 2021 at its meeting held on January 15, 2021. In this regard, Shareholders' approval is being sought through a special resolution pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2021 recommended revision in remuneration of **Mrs. Geeta Arora** for payment upto Rs. 1,50,000/- (Rupees One Lac Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2021, 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, 2021 subject to further approval of Members at the forthcoming Annual General Meeting.

Mrs. Geeta Arora is not disqualified from being reappointed as a Whole Time Director in terms of Section 164 read with Schedule V of the Act and has given her consent to act as a Whole Time Director of the Company. The Company has also received a declaration to the effect that she is not debarred from holding the office of Directorship by virtue of any SEBI order or any other authority. She also satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible to be re-appointed.

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	Mrs. GEETA ARORA , is Whole Time Director of Company. She has completed
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		her Master of Arts from Amritsar. She is on the Board of the Company since 2010.
(2).	Past Remuneration	Rs. 1,00,000/- 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. 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'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
(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. But the company is confident that it will be able to increase the level of profits by inducting managerial remuneration with proven track record and experience and by increasing the volumes of business.
(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	Expected turnover around Rs.700 Crore and expected IT in measurable terms for 2021-22 is around Rs. 30 Crore
	Disclosures	NIL

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



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Except **Mrs. Geeta Arora**, Appointee and Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Anju Arora & Mr. Aditya Arora, 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. 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. ANJU ARORA (DIN:03155641) was appointed as Whole Time Director of the company on January 16, 2016 for a term of five years. Considering her contribution in the growth of the business and overall marketing and business development activities, the Board of Directors on the recommendation of Nomination and Remuneration Committee (NRC), has re-appointed **Mrs. ANJU ARORA** as Whole Time Director of the Company for a further period of 5 years effective from January 16, 2021 at its meeting held on January 15, 2021. In this regard, Shareholders' approval is being sought through a special resolution pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2021 recommended revision in remuneration of **Mrs. Anju Arora** for payment upto Rs. 1,50,000/- (Rupees One Lac Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from October 01, 2021, 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, 2021 subject to further approval of Members at the forthcoming Annual General Meeting.

Mrs. ANJU ARORA is not disqualified from being reappointed as a Whole Time Director in terms of Section 164 read with Schedule V of the of the Act and has given her consent to act as a Whole Time Director of the Company. The Company has also received a declaration to the effect that she is not debarred from holding the office of Directorship by virtue of any SEBI order or any other authority. She also satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible to be re-appointed.

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	Mrs. ANJU ARORA , is Whole Time Director of Company. She has completed
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		her Bachelor of Arts from Amritsar. She is on the Board of the Company since 2010.
(2).	Past Remuneration	Rs. 1,00,000/- 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. 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 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
(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. But the company is confident that it will be able to increase the level of profits by inducting managerial remuneration with proven track record and experience and by increasing the volumes of business.
(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	Expected turnover around Rs.700 Crore and expected IT in measurable terms for 2021-22 is around Rs. 30 Crore
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and 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, directors being relatives of **Mrs. ANJU ARORA**, none of the other Directors and/or



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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 (DIN:07320410) was appointed as Whole Time Director of the company on September 30, 2016 for a term of five years. Considering his contribution in the growth of the business and overall marketing and business development activities, the Board of Directors, at its meeting held on September 06, 2021, on the recommendation of Nomination and Remuneration Committee (NRC), has decided to re-appoint **Mr. ADITYA ARORA** as Whole Time Director of the Company for a further period of 5 years effective from September 30, 2021.

Considering the overall growth of the company, Nomination & Remuneration Committee at its meeting held on September 05, 2021 recommended revision in remuneration of **Mr. Aditya ARORA** for payment upto Rs. 2,50,000/- (Rupees Two Lac Fifty Thousand Only) per month with Perquisites and Allowances for a period of three (3) years, with effect from September 30, 2021, 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, 2021 subject to further approval of Members at the forthcoming Annual General Meeting.

Mr. ADITYA ARORA is not disqualified from being reappointed as a Whole Time Director in terms of Section 164 read with Schedule V of the of the Act and has given his consent to act as a Whole Time Director of the Company. The Company has also received a declaration to the effect that he is not debarred from holding the office of Directorship by virtue of any SEBI order or any other authority. He also satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible to be re-appointed.

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	Mr. Aditya Arora , 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. 2,00,000/- per month
(3).	Recognition or awards	N.A.

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(4).	Job Profile and his suitability	He is an active, energetic, dynamic and assisting to take the Company in the growth path.
(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
(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. But the company is confident that it will be able to increase the level of profits by inducting managerial remuneration with proven track record and experience and by increasing the volumes of business.
(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	Expected turnover around Rs.700 Crore and expected IT in measurable terms for 2021-22 is around Rs. 30 Crore
	Disclosures	NIL

As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and 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, 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

At the AGM held on 30th September 2016, **Mr. Pankaj Takkar (DIN: 07414345)** was appointed as a Non-Executive Independent Director of the Company for a term of five years as per the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and in accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with effect from 1st February 2016. His term of office as an Independent Director is ceased on 31st January 2021.

The Board of Directors ('Board') of the Company, on the recommendation of the Nomination & Remuneration Committee made re-appointment of **Mr. Pankaj Takkar** as non executive Independent Director of the Company in the board meeting held on **15th January, 2021** subject to the approval of shareholders in forthcoming general meeting of the Company.

In view of the valuable contributions made by **Mr. Pankaj Takkar** and based on the positive outcome of the performance evaluation report, regular attendance at the meetings and recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the re-appointment of **Mr. Pankaj Takkar** as an Independent Director of the Company for a further period of five consecutive years with effect from 1st February 2021 and during this term his period of office as an Independent Director shall not be liable to retirement by rotation.

Mr. Pankaj Takkar has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Board is also of the opinion that **Mr. Pankaj Takkar** fulfils the criteria of independence specified under Section 149(6) of the Act and also the requirements of Regulation 16(1)(b) of SEBI Listing Regulations, for the purpose of his re-appointment as an Independent Director of the Company.

The proposed business as set out in Item No. 10 of this Notice is intended to seek your approval. The Board recommends passing of the Special Resolution in the interest of the Company.

Except **Mr. Pankaj Takkar**, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item no. 11

At the AGM held on 30th September 2016, **Mr. Ravi Shanker Singh (DIN: 02303588)** was appointed as a Non-Executive Independent Director of the Company for a term of five years as per the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and in accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with effect from 1st February 2016. His term of office as an Independent Director is ceased on 31st January 2021.

The Board of Directors ('Board') of the Company, on the recommendation of the Nomination & Remuneration Committee made re-appointment of **Mr. Ravi Shanker Singh** as non executive Independent Director of the Company in the board meeting held on **15th January, 2021** subject to the approval of shareholders in forthcoming general meeting of the Company.

In view of the valuable contributions made by **Mr. Ravi Shanker Singh** and based on the positive outcome of the performance evaluation report, regular attendance at the meetings and recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the re-appointment of **Mr. Ravi Shanker Singh** as an Independent Director of the Company for a further period of five consecutive years with effect from 1st February 2021 and during this term his period of office as an Independent Director shall not be liable to retirement by rotation.

Mr. Ravi Shanker Singh has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Board is also of the opinion that **Mr. Ravi Shanker Singh** fulfils the criteria of independence specified under Section 149(6) of the Act and also the requirements of Regulation 16(1)(b) of SEBI Listing Regulations, for the purpose of his re-appointment as an Independent Director of the Company.



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The proposed business as set out in Item No. 11 of this Notice is intended to seek your approval. The Board recommends passing of the Special Resolution in the interest of the Company.

Except **Mr. Ravi Shanker Singh**, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item no. 12

At the AGM held on 30th September 2016, **Mr. Kiran Kumar Verma (DIN: 07415375)** was appointed as a Non-Executive Independent Director of the Company for a term of five years as per the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and in accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with effect from 1st February 2016. His term of office as an Independent Director is ceased on 31st January 2021.

The Board of Directors ('Board') of the Company, on the recommendation of the Nomination & Remuneration Committee made re-appointment of **Mr. Kiran Kumar Verma** as non executive Independent Director of the Company in the board meeting held on **15th January, 2021** subject to the approval of shareholders in forthcoming general meeting of the Company.

In view of the valuable contributions made by **Mr. Kiran Kumar Verma** and based on the positive outcome of the performance evaluation report, regular attendance at the meetings and recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the re-appointment of **Mr. Kiran Kumar Verma** as an Independent Director of the Company for a further period of five consecutive years with effect from 1st February 2021 and during this term his period of office as an Independent Director shall not be liable to retirement by rotation.

Mr. Kiran Kumar Verma has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Board is also of the opinion that **Mr. Kiran Kumar Verma** fulfils the criteria of independence specified under Section 149(6) of the Act and also the requirements of Regulation 16(1)(b) of SEBI Listing Regulations, for the purpose of his re-appointment as an Independent Director of the Company.

The proposed business as set out in Item No. 12 of this Notice is intended to seek your approval. The Board recommends passing of the Special Resolution in the interest of the Company.

Except **Mr. Kiran Kumar Verma**, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Item No. 13

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, 2022. 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. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022.

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. 13 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the members.

By Order Of the Board

Sd/-

Place:- Amritsar

Date:- 06th September 2021

(GURPREET KAUR)

Company Secretary & Compliance Officer



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

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 st March, 2021
RAMESH ARORA (DIN: 00462656)	12/06/1954	Mr. Ramesh Arora aged 67 years is Bachelor of Commerce. He has experience of more than 4 decades in the areas of management, marketing strategies and overall administration control and supervision. He is Promoter and Managing Director of the Company and has been actively involved in international pharmaceutical markets, business strategy and business development of the company.	Other Directorship in Public companies: Nil Committee positions held in Kwaliti Pharmaceuticals Limited :- Nil Committee Positions held in other Public Companies: Nil Relationship with other directors :- Relative of Directors Mrs. Anju Arora, Mr. Ajay Kumar Arora, Mrs. Geeta Arora & Mr. Aditya Arora No of Shares held in the Company :- 3202484
AJAY KUMAR ARORA (DIN: 00462664)	29/01/1968	Mr. Ajay Kumar Arora aged 53 years is B.PHARMACY. He has experience of more than 3 decades in Pharmaceuticals. He has been associated with the Company since 1995 as a promoter and well versed with manufacturing technologies, systems, processes and controls.	Other Directorship: Nil Committee positions held in Kwaliti Pharmaceuticals Limited :- Nil Committee Positions held in other Public Companies: Nil Relationship with other directors :- Relative of Directors Mr. Ramesh Arora, Mrs. Geeta Arora, Mrs. Anju Arora & Mr. Aditya Arora No of Shares held in the Company :- 1395628
ANJU ARORA (DIN: 03155641)	01/02/1962	Mrs. Anju Arora aged 59 years is Bachelor of Arts. She has experience of more than fifteen years in Marketing.	Other Directorship: Nil Committee positions held in Kwaliti Pharmaceuticals Limited: Member in Stakeholders Relationship Committee Positions held in other Public Companies: Nil Relationship with other directors :- Relative of Directors Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Geeta Arora & Mr. Aditya Arora. No of Shares held in the Company :- 135634



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<p>GEETA ARORA (DIN: 03155615)</p>	<p>29/11/1970</p>	<p>Mrs. Geeta Arora aged 50 years is MA. She has experience of fourteen years in Administration.</p>	<p>Other Directorship: Nil</p> <p>Committee positions held in Kwaliti Pharmaceuticals Limited :-Member in Stakeholders Relationship Committee & Chairperson in CSR Committee</p> <p>Committee Positions held in other Public Companies: Nil</p> <p>Relationship with other directors :- Relative of Directors Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Anju Arora & Mr. Aditya Arora</p> <p>No of Shares held in the Company :- 111500</p>
<p>ADITYA ARORA (DIN: 07320410)</p>	<p>17/02/1994</p>	<p>Mr. Aditya Arora, aged 27 years has completed Bachelors of Commerce from Delhi University. He is on the board of the Company since October 2015. He is an active, energetic, dynamic and assisting to take our Company in the growth path. He possesses good business acumen, good administration, decision making and leadership skills etc. The Board of Directors is quite hopeful to utilize his expertise in our organization. He has experience of five years in Pharmaceuticals.</p>	<p>Other Directorship: Nil</p> <p>Committee positions held in Kwaliti Pharmaceuticals Limited :-Member : Audit Committee & CSR Committee</p> <p>Committee Positions held in other Public Companies: Nil</p> <p>Relationship with other directors :- Relative of Directors Mr. Ramesh Arora, Mr. Ajay Kumar Arora, Mrs. Anju Arora & Mrs. Geeta Arora</p> <p>No of Shares held in the Company :- 652932</p>
<p>KIRAN KUMAR VERMA (DIN: 07415375)</p>	<p>02/12/1972</p>	<p>Mr. Kiran Kumar Verma aged 48 years has completed Bachelor of Science from Guru Nanak Dev University, Amritsar in the year 1994. He has more than 25 years of experience in the area of testing and analysis of pharmaceutical products.</p>	<p>Other Directorship: Nil</p> <p>Committee positions held in Kwaliti Pharmaceuticals Limited :- Member – Audit Committee Chairman: Nomination And Remuneration Committee</p> <p>Committee Positions held in other Public Companies: Nil</p> <p>Relationship with other directors :- No Relation</p> <p>No of Shares held in the Company :-Nil</p>
<p>PANKAJ TAKKAR (DIN: 07414345)</p>	<p>17/08/1977</p>	<p>Mr. Pankaj Takkar aged 44 years, has completed Bachelor of Commerce from Guru Nanak Dev University, Amritsar in the year 1998 and Masters of Business Administration in marketing management from Punjab Technical University. He has more than 20 years of experience in the area of administrative management.</p>	<p>Other Directorship: Nil</p> <p>Committee positions held in Kwaliti Pharmaceuticals Limited :- Chairman : Audit Committee Member: Nomination & Remuneration Committee and CSR Committee.</p> <p>Committee Positions held in other Public Companies: Nil</p>

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			Relationship with other directors :- No Relation No of Shares held in the Company :- Nil
RAVI SHANKER SINGH (DIN: 02303588)	21/05/1973	Mr. Ravi Shanker Singh aged 48 years, has completed B.A.M.S. from Guru Nanak Dev University Amritsar in the year 1996. He has more than 23 years of experience in the area of manufacturing pharmaceutical products like tablets and injectables.	Other Directorship: Herbal Health Research Consortium Private Limited Committee positions held in Kwality Pharmaceuticals Limited :- Member : Nomination And Remuneration Committee Chairman : Stakeholders Relationship Committee Committee Positions held in other Public Companies: Nil Relationship with other directors :- No Relation No of Shares held in the Company :- Nil
KARTIK KAPUR (DIN: 08966816)	18/04/1994	Mr. Kartik Kapur aged 27 years, has completed M. Pharma (Industrial Pharmacy) from Manipal College of Pharmaceutical Sciences in the year 2019. He has experience of two years in Pharmaceutical Industry.	Other Directorship: Nil Committee positions held in Kwality Pharmaceuticals Limited :- Nil Committee Positions held in other Public Companies: Nil Relationship with other directors :- No Relation No of Shares held in the Company :- Nil

By Order Of the Board

Sd/-

Place:- Amritsar
Date:- 06th September 2021

(GURPREET KAUR)
Company Secretary & Compliance Officer

**DIRECTORS' REPORT**

To

The Members
KQUALITY PHARMACEUTICALS LIMITED.

Your Directors have pleasure in presenting the **38th Annual Report** of **KQUALITY PHARMACEUTICALS LIMITED** along with the Audited Financial Statements for the year ended 31st March 2021.

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	
	2020-21	2019-20	2020-21	2019-20
Revenue from operations	26150.27	13868.38	26201.44	13929.75
Other Income	158.76	392.05	158.76	365.96
Total Income	26309.03	14260.43	26360.20	14295.71
Less:- Depreciation and amortisation expenses	643.61	439.46	649.30	443.39
Less:- Finance cost	261.23	249.88	267.16	249.88
Less:- Other Expenses	23224.28	12457.08	23316.58	12510.72
Profit Before Tax	2179.91	1114.01	2127.16	1091.72
Less: Provision for Taxation				
Current Tax	580.00	300.00	580.00	300.17
Deferred Tax	16.23	(31.96)	16.23	(31.96)
Tax for earlier Years	42.18	2.82	42.18	2.82
Profit/(Loss) After Tax For The Year	1541.50	843.15	1488.75	820.69
Add/(Less) Minority interest in Subsidiary profits	NIL	NIL	25.84	11.01
Profit/(Loss) For The Year	1541.50	843.15	1514.59	831.70

PERFORMANCE REVIEW

During the year under review, on standalone basis, revenue of the company was Rs. 26309.03 Lakhs as compared to Rs.14260.43 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 1541.50 Lakhs as compared to Rs. 843.15 Lakhs in the previous year.

On consolidated basis, revenue of the company was Rs.26360.20 Lakhs as compared to Rs. 14295.71 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 1488.75 Lakhs as compared to Rs. 820.69 Lakhs in the previous year.

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.



DIVIDEND

In order to conserve the resources, the Board of Directors does not recommend any dividend for the financial year 2020-21.

RESERVES

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

STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's equity shares are listed at Bombay Stock Exchange Limited (SME Segment). The Annual Listing Fee for the year 2021-22 has been paid.

ANNUAL RETURN

The Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at <http://www.kwalitypharma.com/investor-relations/>

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.

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. 1st April, 2017. As your Company is also listed on SME Platform of BSE Limited, is covered under the exempted category and is not required to comply with IND-AS for preparation of financial statements beginning with period on or after 1st April 2017.

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

During the financial year, based on the recommendations of Nomination and Remuneration Committee, **Mr. Kartik Kapur (DIN: 08966816)** was appointed as Additional Director (for Independent Director category) of the Company by the Board at its meeting held on January 15, 2021 with effect from January 16, 2021 under the provisions of section 161 (1) and other applicable provisions, if any, of the Companies Act, 2013 and is entitled to hold office up to the date of 38th Annual General Meeting of the Company.



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The Company has received a declaration from **Mr. Kartik Kapur (DIN: 08966816)** as he being eligible for appointment as Independent Director. The Company has also received a declaration from him confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations"). **Mr. Kartik Kapur (DIN: 08966816)** is not disqualified from being appointed as Director in terms 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 and is independent of the management. The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the Members.

ii. Re-appointment

The first term of Mr. Pankaj Takkar (DIN: 07414345), Mr. Ravi Shanker Singh (DIN: 02303588) and Mr. Kiran Kumar Verma (DIN: 07415375), Non executive Independent Directors of the Company has been expired on 31st January, 2021. Accordingly, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors made the re-appointment(s) of Mr. Pankaj Takkar, Mr. Ravi Shanker Singh and Mr. Kiran Kumar Verma as non executive Independent Directors of the Company for a second term of five consecutive years commencing from 01st February, 2021 upto 31st January, 2026 in the board meeting held on 15th January, 2021 subject to the approval of shareholders in forthcoming general meeting of the Company. The Board of Directors recommends their re-appointment as Independent Directors of the Company for a further period of five consecutive years with effect from 1st February 2021.

The current term of Executive Directors i.e. 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 has been expired on 15th January 2021 and accordingly, on the recommendation of the Nomination & Remuneration Committee, the Board has, subject to the approval of the shareholders in the ensuing Annual General Meeting, approved the reappointment of the aforesaid Executive Directors for a further period of five years i.e. with effect from 16th January 2021 to 15th January 2026. The current term of Whole Time Director **Mr. ADITYA ARORA (DIN:07320410)** will expire on 29th September 2021 and on the recommendation of the Nomination & Remuneration Committee, the Board has, subject to the approval of the shareholders in the ensuing Annual General Meeting, approved his reappointment for a further period of five years i.e. with effect from 30th September 2021 to 29th September 2026.

The Board recommends the above re-appointments for the consideration of Members of the Company at the ensuing Annual General Meeting.

RETIREMENT BY ROTATION

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

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2020-21, 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.

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 2020-21, two meetings were held on 05-11-2020 and 05-03-2021. The composition of Committee and attendance of members is as follows:

Name	Category	Meeting held during 2020-21	No. of Meeting Attended
Geeta Arora	Chairperson	2	2
Aditya Arora	Member	2	2
Pankaj Takkar	Member	2	2

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 2020-21 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.

MEETINGS OF INDEPENDENT DIRECTORS:

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to (i) review the performance of Non Independent Directors and the Board as a whole, (ii) review the performance of the Chairperson of the Company,



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taking into account the views of Executive Directors and Non-Executive Directors; and (iii) to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.

One meeting of the Independent Directors was held during the Financial Year on 05-03-2021.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company has one subsidiary company 'Kwalita 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.

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. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

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.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS:

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Chairman & Managing Director had one to one discussions with newly appointed Directors to familiarize them with the Company's operations. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Quarterly updates on relevant statutory and regulatory changes are circulated to the Directors.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

The Company had received declaration 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 that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. 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.



REMUNERATION POLICY

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.

WHISTLE BLOWER POLICY

Pursuant to the Section 177(9) and (10) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and Employees to report the management about the unethical behavior, fraud, improper practice or violation of the Company's Code of Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. It gives a platform to the whistle blower to report any unethical or improper practice (not necessarily violation of law) and to define processes for receiving and investigating complaints. The mechanism provides adequate safeguards against victimization of employees and directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases.

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.

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.

STATUTORY AUDITORS

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

AUDITORS' REPORT

M/s ARORA AGGARWAL & CO., Chartered Accountants, have submitted their Report on the Financial Statements of the Company for the F.Y 2020-21, 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.

COST AUDITOR

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



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Accountants, Jalandhar, were appointed as the Cost Auditors of the Company for the financial year 2020-21 by the Board of Directors and their remuneration was ratified by members at the 37th 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 2021-22 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.

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 board 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 2020-21 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.

REPORT ON CORPORATE GOVERNANCE:

Corporate Governance Report of the Company regarding Compliance of the Conditions of Corporate Governance pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith as “**Annexure D**”.

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**”.

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.

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. Thus disclosure in Form AOC-2 is not required.

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.



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

There were no 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.

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:

Steps taken for conservation of energy	<p>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.</p> <p>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.</p> <p>To achieve above objectives the following steps are being undertaken by the Company:-</p> <ul style="list-style-type: none">- Continuously monitoring the energy parameters such as maximum demand, power factor, load factor on regular basis;- Continuously replacing the inefficient equipment's with latest energy efficient technology & upgradation of equipment's continually;- Increasing the awareness of energy saving within the organization to avoid the wastage of energy;- To enhance utilization of Renewable Energy Resources.
Steps taken for utilizing alternate sources of energy	<p>The Company is using electricity as the main source of energy and is currently not exploring any alternate source of energy.</p>
Capital investment on energy conservation equipment	<p>NIL</p>

(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)

Particulars	Year ended 31 st March 2021 (Rs. In Lakhs)	Year Ended 31 st March 2020 (Rs. In Lakhs)
Earnings		
Export Sales	16576.85	7881.94
Outgo		
Capital Goods	127.55	133.96
Raw Materials	2940.80	1050.28

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.

SHARE CAPITAL

During the year under review, there was no change in the paid-up equity share capital of the Company which is as on 31st March, 2021, was Rs. 1037.62 Lakhs.

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.

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.

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.

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.

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 Bhavesh Mahajan & Co., Chartered Accountants (FRN: 020980N), Amritsar, resigned as the Internal Auditors of the Company due to personal reasons with effect from 31/03/2021 and 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. There were no observations or remarks reported by the said auditors of the Company during the year under review.

COMPANY SECRETARY AND COMPLIANCE OFFICER

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

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.

PROHIBITION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives along with Code of Fair Disclosures.

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.

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).

DIRECTORS' RESPONSIBILITY STATEMENT

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



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- i. in the preparation of the annual accounts for the financial year ended March 31, 2021, 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 31st March, 2021 and of the profit of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INDUSTRIAL RELATIONS

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

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.

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. We would like to thank all our clients, vendors, investors, bankers, Government Authorities, Auditors, financial institutions, Customers, suppliers and other business associates for their continued support and encouragement during the year.

For and on Behalf of the Board

**Place: Amritsar
Date: 06th September 2021**

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

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

**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, 2021**

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	27.88
AJAY KUMAR ARORA	27.88
ANJU ARORA	9.29
GEETA ARORA	9.29
ADITYA ARORA	18.59

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	9.09
AJAY KUMAR ARORA	Whole Time Director	9.09
ANJU ARORA	Whole Time Director	42.86
GEETA ARORA	Whole Time Director	42.86
ADITYA ARORA	Whole Time Director & CFO	33.33
GURPREET KAUR	Company Secretary	4.56

C. The percentage increase in the median remuneration of employees in the financial year: 17.92 %

D. The number of permanent employees on rolls of the company as on 31st March 2021:- 496

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. 2019-20	F. Y. 2020-21	% increase
Employees' Salary (in Rupees Lakhs)	917.94	1288.98	40.42
Managerial Remuneration (in Rupees Lakhs)	100.80	120.00	19.05

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

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

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

For and on Behalf of the Board

Place: Amritsar
Date: 06th September 2021

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

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



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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, 2021** 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, 2021 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 thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during Audit Period)**;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(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 **(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 Drug (Prices Control) Order 2013;
(vii) The Indian Boilers Act, 1923;
(viii) Environment Protection Act, 1986;
(ix) Drugs and Cosmetics Act, 1940;
(x) 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:
- The Secretarial Standards issued by The Institute of Company Secretaries of India and
 - The provisions envisaged in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
 - Listing Agreement(s) entered into by the Company with BSE Limited (SME Segment).
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:
- 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.
 - Adequate notice was given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings convened at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - 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, there were no specific events / actions incurred having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place : AMRITSAR

Signature: Sd/- (RISHI MITTAL)

Date : **06th September 2021**

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

ACS No. 12613 & C P No.: 3004

UDIN: A012613C000910609

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



Annexure 'A'

To,

**The Members
KWALITY PHARMACEUTICALS LIMITED.**

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

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

Place : AMRITSAR

Signature: Sd/- (RISHI MITTAL)

Date : **06th September 2021**

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

ACS No. 12613

C P No.: 3004

UDIN: A012613C000910609

**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.kwalitapharma.com

2. Composition of the CSR Committee

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

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

<http://www.kwalitapharma.com/investor-relations/>

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)
NIL	NIL	NIL	NIL

6. Average net profit of the company as per section 135(5):- Rs. 9,86,21,926

7. (a) Two percent of average net profit of the company as per section 135(5) :- Rs. 19,72,439

(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:- Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c):- Rs. 19,72,439



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 CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
26,69,031	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)	
Sl. No.	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.	COVID- 19 Relief	Promoting Healthcare & others under Item no. (i)	Yes	Punjab	Amritsar	50,000	No	Red Cross Society	NA
2.	Special education and enhancing skills among differently abled children	Promoting Education-Item no. (ii)	Yes	Punjab	Amritsar	57,000	No	Ibadat Special School	NA
3.	Education and Healthcare of under privileged people	Promoting Education & Healthcare etc. - Item no. (i) & (ii)	No	Haryana	Panchkula	34,000	No	Hope For All	NA
4.	Promoting and protecting the rights of children	Promoting Education-Item no. (ii)	Yes	Punjab	Amritsar	24,000	No	Unicef	NA
5.	Education & Healthcare	Promoting Education & Healthcare-Item no. (i) & (ii)	No	Chhattisgarh	Jashpur	21,000	No	Akhil Bhartiya Vanvasi Kalyan Ashram	NA
6.	Shiksha	Promoting Education-Item no. (ii)	Yes	Punjab	Amritsar	67,031	Yes	Governme nt Sr. Secondary School	NA
7.	Medical Support & Diagnostic Center Development	Promoting Healthcare - Item no. (i)	No	Haryana	Panchkula	20,00,000	No	Shree Purushotta m Das Rungta Charitable Trust	NA



8.	Promoting Education and Healthcare	Promoting Education & Healthcare etc. - Item no. (i) & (ii)	Yes	Punjab	Amritsar	1,00,000	No	Department of Pharmaceutical Science, Small and Medium Pharma	NA
9.	Promoting Education of Children	Promoting Education-Item no. (ii)	Yes	Punjab	Amritsar	31,000	No	Prabhupad Gurukul Foundation	NA
10.	Donation for Covid Relief and Promoting Education of Poor Children	Promoting Education & Healthcare etc. - Item no. (i) & (ii)	Yes	Punjab	Amritsar	2,50,000	No	DAV Institution	NA
11.	COVID-19 Ration Distribution	Eradication of Hunger & Poverty Item no. (i)	Yes	Punjab	Amritsar	35,000	Yes	NA	NA
	Total					26,69,031			

(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. 26,69,031/-

(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)	19,72,439
(ii)	Total amount spent for the Financial Year	26,69,031
(iii)	Excess amount spent for the financial year[(ii)-(i)]	6,96,592
(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)]	6,96,592

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

Place: Amritsar
Date: 06th September 2021

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

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

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

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

KWALITY'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 31st March 2021 including Executive Directors, Non Executive Directors, Independent directors and Woman directors. There is no institutional nominee on the Board.

A) Composition of board of directors

Presently, the composition of Board is as follows:

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

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

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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.	01/04/2020
2.	14/05/2020
3.	29/06/2020
4.	13/07/2020
5.	08/08/2020
6.	21/09/2020
7.	29/10/2020
8.	05/11/2020
9.	13/11/2020
10.	21/12/2020
11.	15/01/2021
12.	22/01/2021
13.	26/02/2021
14.	05/03/2021
15.	25/03/2021
16.	31/03/2021

D) Attendance of Directors at Board meetings held in the previous year are as follows:

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 31-03-2021	No. of Committee/ membership in which he/she is a Member or Chairperson
Mr. Ramesh Arora (DIN: 00462656)	Managing Director	16	Yes	1	None
Mr. Ajay Kumar Arora (DIN: 00462664)	Whole Time Director	16	Yes	Nil	None
Mr. Aditya Arora (DIN: 07320410)	Whole Time Director & Chief Financial Officer	16	Yes	Nil	Member in two Committees
Mrs. Geeta Arora (DIN: 03155615)	Whole Time Director	16	Yes	Nil	Member in one Committee and Chairperson in one Committee
Mrs. Anju Arora (DIN: 03155641)	Whole Time Director	16	No	Nil	Member in one Committee
Mr. Kiran Kumar Verma (DIN: 07415375)	Non Executive Independent Director	5	Yes	Nil	Member in one Committee and Chairman in one Committee
Mr. Pankaj Takkar (DIN: 07414345)	Non Executive	5	Yes	Nil	Member in two



	Independent Director				Committees and Chairman in one Committee
Mr. Ravi Shanker Singh (DIN: 02303588)	Non Executive Independent Director	5	No	1	Member in one Committee and Chairman in one Committee
Mr. Kartik Kapur (DIN: 08966816)	Non Executive Independent Director	1	No	NIL	None

E) Shares held by Non-Executive Directors as at 31st March 2021:

Name of the Director	Shares held
Mr. Kiran Kumar Verma	Nil
Mr. Pankaj Takkar	Nil
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.

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 05-03-2021 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.

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, 5 Audit Committee meetings were held on the following dates 01-04-2020, 13-07-2020, 05-11-2020, 13-11-2020 and 05-03-2021.

*** Composition & Attendance of Audit Committee**

Sr. No.	Name	Designation	Position in committee	No. of Meetings Attended
1	Pankaj Takkar	Non-Executive Independent Director	Chairman	5
2	Kiran Kumar Verma	Non-Executive Independent Director	Member	5
3	Aditya Arora	Executive Non Independent Director	Member	5

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;



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12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Review the functioning of the whistle blower mechanism;
19. Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference;

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

2. NOMINATION AND REMUNERATION COMMITTEE

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

* Number of Meetings held

During the year, 2 Nomination & Remuneration committee meetings were held on the following dates 05-11-2020 and 05-03-2021.

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

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;



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- (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.

Remuneration Policy

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 2020-21 to Executive Directors are:

Name of Director	Designation	Yearly Remuneration (Rs.)
RAMESH ARORA	Managing Director	3600000
AJAY KUMAR ARORA	Whole Time Director	3600000
GEETA ARORA	Whole Time Director	1200000
ANJU ARORA	Whole Time Director	1200000



ADITYA ARORA

Whole Time Director & Chief Financial Officer

2400000

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 01-04-2020, 13-07-2020, 13-11-2020 and 05-03-2021.

* 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.

* 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 2020-21, 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 2020-21, two meetings of the committee were held on 05-11-2020 and 05-03-2021. The composition of Committee and attendance of members is as follows:

Name	Category	Meeting held during 2020-21	No. of Meeting Attended
Geeta Arora	Chairperson	2	2
Aditya Arora	Member	2	2
Pankaj Takkar	Member	2	2

MEANS OF COMMUNICATION

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 SME website.

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.

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.

CEO 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
2017-18	September 29, 2018 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD,	NIL



		AMRITSAR.	
2018-19	September 30, 2019 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	5
2019-20	November 30, 2020 at 11:30 A.M.	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR.	NIL

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.
2. There were no instances of non-compliances or penalty imposed on the company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
3. The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. 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. The Company has formulated a Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company.
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 is complying with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015.

Subsidiary Companies

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

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

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

[http://www.kwalitypharma.com/investor-relations/Policy for determining Material Subsidiaries.pdf](http://www.kwalitypharma.com/investor-relations/Policy%20for%20determining%20Material%20Subsidiaries.pdf)

GENERAL SHAREHOLDER INFORMATION:

ANNUAL GENERAL MEETING

The ensuing Annual General Meeting ("the AGM") of the company will be held on **Thursday 30th September, 2021** 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. 2021-22 is:-



Half yearly un-audited results	Within 45 days from 30th September, 2021
Annual audited results	Within 60 days from 31st March, 2022

DIVIDEND PAYMENT

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

BOOK CLOSURE

23.09.2021 to 30.09.2021 (both days inclusive)

LISTING ON STOCK EXCHANGE

The Company got listed on Bombay Stock Exchange SME platform, w.e.f. 18th July, 2016.

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, 2020	36.30	26.00
May, 2020	35.00	35.00
June, 2020	35.10	35.00
July, 2020	35.00	35.00
August, 2020	50.25	35.00
September, 2020	63.80	50.25
October, 2020	61.00	56.00
November, 2020	70.60	55.20
December, 2020	60.00	49.00
January, 2021	61.15	48.00
February, 2021	60.20	56.00
March, 2021	61.00	49.10

**DEMATERIALIZATION OF SHARES**

As on March 31, 2021, 101,86,490 (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, 2021 is as follows:

SHARE HOLDING PATTERN AS ON 31ST MARCH, 2021

Category	No. of Shares held	% of Shareholding
1. Promoters and Promoter Group	5616148	54.13
2. Bodies Corporate	2026470	19.53
3. Clearing Members	9000	0.09
4. Non-Resident Indians	189000	1.82
5. Indian Public	2535580	24.43
TOTAL	10376198	100

Distribution Schedule as on 31/03/2021
(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
10001-20000	2	1.31	3000	0.03
20001-30000	55	35.95	164765	1.59
50001-100000	42	27.45	270185	2.60
100001-9999999999	54	35.29	9938248	95.78
TOTAL	153	100.00	10376198	100.00

Share Transfer System:

As per SEBI notification effective from April 01, 2019 requests for Transfer of Securities held in physical form would be carried out in dematerialized form only except in case of transmission or transposition of securities. Therefore, Registrar and Share Transfer Agent and Company will not accept any request for transfer of shares in physical form. The Company obtains from a Company Secretary in practice, half 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.

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



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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@kwalitaipharma.com Web: www.kwalitaipharma.com

On behalf of Board of Directors
KWALITY PHARMACEUTICALS LIMITED
Sd/-
RAMESH ARORA
Managing Director
DIN: 00462656

Amritsar, 06th September 2021

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

I, RAMESH ARORA (DIN: 00462656), Managing Director of **KWALITY PHARMACEUTICALS LIMITED**, hereby declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2021.

Sd/-

Place:-Amritsar
Date:- 06th September 2021

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,
KWALITY PHARMACEUTICALS LIMITED.

This certificate is issued pursuant to clause 10(i) of the Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have examined the compliance of provisions of the aforesaid clause 10(i) of the Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to the best of our information and according to the explanations given to us by the Company, and the declarations made by the Directors, we certify that none of the directors of **KWALITY PHARMACEUTICALS LIMITED** ("the Company") CIN: **L24232PB1983PLC005426** having its registered office at Village Nagkalan, Majitha Road, Amritsar-143601, have been debarred or disqualified as on March 31, 2021 from being appointed or continuing as directors of the Company by SEBI/Ministry of Corporate Affairs or any other statutory authority.

For RISHI MITTAL & ASSOCIATES
(Company Secretaries)

Sd/-
(RISHI MITTAL)
PROP.
Membership No. 12613

Place : Amritsar
Date : 06th September 2021



CEO/CFO CERTIFICATION

To,

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

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

1. We have reviewed the financial statements and the cash flow statement of the company for the year ending 31st March, 2021 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:
 - (i) There were no significant changes in internal control over financial reporting during the year;
 - (ii) There were no significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place:-Amritsar
Date: - **30th June, 2021**

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 the conditions of Corporate Governance by **KWALITY PHARMACEUTICALS LIMITED**, for the financial year ended 31st March, 2021, as per SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

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

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

**Sd/-
(RISHI MITTAL)
PROP.
Membership No. 12613**

**Place: Amritsar
Date: 06th September 2021**



MANAGEMENT'S DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

India has emerged as one of the fastest growing major economies in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicines in UK.

The Indian pharmaceuticals market has characteristics that make it unique. First, branded generics dominate, making up for 70 to 80 per cent of the retail market. Second, local players have enjoyed a dominant position driven by formulation development capabilities and early investments. Third, price levels are low, driven by intense competition. While India ranks tenth globally in terms of value, it is ranked third in volumes. These characteristics present their own opportunities and challenges.

India's pharmaceuticals market has grown in confidence and firmly moved on to an accelerated growth path. The central question now rests around the true nature and the full extent of this market's potential. Backed by solid fundamentals, the market is giving rise to a variety of business opportunities. We feel confident that strong player intent, investments and actions will underpin future growth and enable the Indian pharmaceuticals market to break into the global top tier.

OPPORTUNITIES, RISKS, CONCERNS & THREATS

During the reporting period, the COVID-19 pandemic continued to pose challenges to business as usual, and aggravated existing risks, thereby mandating rapid risk responses from business teams. The Company effectively laid down risk mitigation measures to: Address business continuity challenges, Overcome growth hurdles, Tackle geopolitical developments, Secure enterprise-wide cybersecurity and Adhere with applicable laws & regulations.

At KPL, beyond managing the short-term impacts of Covid-19, the focus will be on ensuring the continued safety of employees, while increasing reliability and stabilization of production through safety measures. Improvement in maintenance programmes as well as capital spending and developing sales opportunities overseas will be other focused areas which we are evaluating to eliminate the risk. During the financial year 2021-22, major threats are likely to be from any economic downturn or problems associated with Covid-19.

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

Financial Year 2020-21 has been a challenging year for the company where COVID-19 spread globally. Kwalita Pharmaceuticals Limited as an exporting company has supplied Remdesivir Injection to the global market and similarly Propofol injection was short in supply in various high profile countries who normally accept US FDA companies' products. But in shortage of medicine, they have procured these injections from our company and after seeing the performance and efficacy, they registered the product of the company. The sale has gone up and it will keep on growing as many traders and the government have come to know about the medicine(s) of Kwalita Pharmaceuticals Limited. They also started procuring the other items of the company. The company became world recognized and now the booking has been growing which may yield more sales and more profit. The company has also improved the infrastructure and plant & machinery which can meet the global demand. The various new R&D projects are initiated.



After the expansion Project of Rs.19 Crore, the company has further decided and filed with Invest Punjab Project of Rs.31 Crore to be completed by September-2022.

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(In Rupees Lacs)

Particulars	Current Year	Previous Year
Total Income	26309.03	14260.43
Profit before Tax (PBT)	2179.91	1114.01
Profit After Tax (PAT)	1541.50	843.15

During the year under review, on standalone basis, revenue of the company was Rs. 26309.03 Lakhs as compared to Rs.14260.43 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 1541.50 Lakhs as compared to Rs. 843.15 Lakhs in the previous year. For the coming year, although the overall economy and business scenario is grim across all sectors, but we foresee the outlook of your company as quite positive and stable.

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

Ratios	Financial year 2020-21	Financial year 2019-20
Debtors Turnover	6.92	4.57
Inventory Turnover	15.06	6.18
Current Ratio	1.35	1.31
Interest Coverage Ratio	9.34	5.45
Debt Equity Ratio	0.55	0.67
Operating Profit Margin	8.34 %	8.03 %
Net Profit Margin	5.89 %	6.07 %
Return on Net Worth	24.66 %	17.90 %

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. The Company has maintained cordial and harmonious relations with employees across various locations. During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The human resource policies of the Company are formulated with the objective of creating a safe, conducive and stimulating work environment for enhancing employee motivation and satisfaction. The management is committed to promote safety, occupational health and proper environment in designing, planning, training and completion of all tasks. Regular trainings are imparted to workmen in various areas. As of the end of FY 2020-21, the total number of the employees of Company is 496. 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

**Place: Amritsar
Date: 06th September 2021**

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

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



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

To

**The Members of
Kwaliti Pharmaceuticals Limited.**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **Kwaliti Pharmaceuticals Limited** (“the **Company**”), which comprise the Standalone Balance Sheet as at **31st March, 2021**, 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, 2021**, 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.



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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.

Those 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, 2016 (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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:-21098347AAAAAJ7903**

**Place:-Amritsar
Date:-30/06/2021**



ANNEXURE A – Report under the Companies (Auditor’s Report) Order, 2016 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 fixed assets.

(b) As explained to us, all the assets 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 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.

(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.

(b) 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.

(iii) As explained to us, the company has granted loan to its subsidiary listed in register maintained under section 189 of The Companies Act, 2013 (Act). The subsidiary Company named Kquality Pharmaceuticals Africa Limitada incorporated on 20.09.2013 under the laws of Africa having identification number as 100428873. The registered office of the Company is located at Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa.

a) The subsidiary is incorporated with the intention of import export and marketing of pharmaceutical products of the company. The terms of the aforementioned loan are not prejudicial to the interest of the company.

b) The terms of the loan do not prescribe any schedule of repayment of principal and payment of interest.

c) As stated above the terms do not provide for schedule of repayment and thus comments on status of over dues can’t be made.

(iv) The company has not given any loans, investments, guarantees, and security according to the provisions of the section 185 and 186 of the Companies Act, 2013 during the year.

(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, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, Goods & Service Tax, Cess and other material statutory dues applicable to it. However, in few cases company has deposited TDS and GST after due dates and paid interest on late payments.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and Cess which have not been deposited on account of any dispute.

(viii) 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.

(ix) In our opinion and according to the information and explanations given to us, the money raised by way of term loans were applied for the purposes for which those were raised. The company has not raised money by way of Initial Public Offer/Further Public Offer during the year.

(x) Based upon the audit procedures performed and according to the information and explanations given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the course of our audit, that causes the financial statements to be materially misstated.

(xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of Section 197 read with schedule 5 to the Companies Act, 2013.

(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) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(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) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**CA Gaurav Aggarwal
(Partner)
Membership No. 098347**

**Place:-Amritsar
Date:- 30/06/2021**



ANNEXURE B: To The Independent Auditor's Report of even date on the Standalone Financial Statements of Kwaliti 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 Kwaliti Pharmaceuticals Limited (“the company”)** as of **March 31, 2021** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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, 2021**, 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:-21098347AAAAAJ7903**

**Place:-Amritsar
Date:- 30/06/2021**



KWALITY PHARMACEUTICALS LIMITED
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2021

Annual Report 2020-21

(Rupees in Lakhs)

Particulars		Note	As at 31 March,2021 (Audited)	As at 31 March,2020 (Audited)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	1037.62	1037.62
	(b) Reserves and surplus	2	5213.37	3671.87
			6250.99	4709.49
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	3	1826.39	1017.65
	(b) Deferred tax liabilities (net)	4	-	-
	(c) Other long-term liabilities	5	918.04	918.04
	(d) Long-term provisions	6	67.81	62.17
			2812.24	1997.86
4	Current liabilities			
	(a) Short-term borrowings	7	1645.48	2123.93
	(b) Trade payables	8		
	(i) Total outstanding dues to Micro and Small enterprises		1034.59	918.18
	(ii) Total outstanding dues other than Micro and Small enterprises		1586.87	1378.36
	(c) Other current liabilities	9	2968.20	2040.22
	(d) Short-term provisions	10	580.00	300.00
			7815.15	6760.69
	TOTAL		16878.37	13468.04
B	ASSETS			
1	Non-current assets			
	(a) Property Plant & Equipment			
	(i) Tangible	11	5841.20	4162.74
	(b) Non-current investments	12	428.16	420.21
	(c) Deferred Tax Assets(Net)	4	3.76	19.98
	(c) Long-term loans and advances	13	17.23	12.33
	(d) Other non-current assets		-	-
			6290.35	4615.26
2	Current assets			
	(a) Current investments	14	443.75	333.75
	(b) Inventories	15	1736.45	2241.68
	(c) Trade receivables	16	3777.56	3034.52
	(d) Cash and cash equivalents	17	513.30	114.65
	(e) Short-term loans and advances	18	4116.96	3124.72
	(f) Other current assets	19	.00	3.46
			10588.02	8852.78
	TOTAL		16878.37	13468.04
	See accompanying notes forming part of the 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

Place : Amritsar

Date : 30/06/2021

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



KWALITI PHARMACEUTICALS LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

Annual Report 2020-21

(Rupees in Lakhs)

Particulars	Note	As at 31 March,2021 (Audited)	As at 31 March,2020 (Audited)
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	20	26150.27	13868.38
2 Other income	21	158.76	392.05
3 Total revenue (1+2)		26309.03	14260.43
4 Expenses			
(a) Cost of materials consumed	22	16527.67	9191.93
(b) Purchases of stock-in-trade		22.18	67.02
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	9.28	(551.68)
(d) Employee benefits expense	24	1567.91	1168.61
(e) Finance Cost	25	261.23	249.88
(f) Depreciation and amortisation expense	11	643.61	439.46
(g) Other expenses	26	5097.24	2581.20
Total expenses		24129.12	13146.42
5 Profit/(Loss) from operations before Exceptional items (3-4)		2179.91	1114.01
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (6-7)		2179.91	1114.01
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7± 8)		2179.91	1114.01
10 Tax expense:			
(a) Current Tax		580.00	300.00
(b) Deferred Tax		16.23	(31.96)
(c) Income Tax relating to earlier Years		42.18	2.82
11 Profit / (Loss) from continuing operations (9 ±10)		1541.50	843.15
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from discontinuing operations		.00	.00
13 Profit / (Loss) for the year (11 ± 12)		1541.50	843.15
14 Paid up equity share capital (Face value of Rs.10 per share)		1037.62	1037.62
15 Earning Per Share (EPS) (Not Annualised)			
(a) Basic (Rs.)		14.86	8.13
(b) Diluted (Rs.)		14.86	8.13
(c) Adjusted (Rs.)		-	-
See accompanying notes forming part of the financial			

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

Place : Amritsar

Date : 30/06/2021

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 FORMING PART OF THE FINANCIAL STATEMENTS

Note1 SHARE CAPITAL

(Rupees in Lakhs)

	As at 31 March,2021		As at 31 March,2020	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	16000000	1600.00	16000000	1600.00
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
(d) Subscribed but not fully paid up	-	-	-	-
Total	10376198	1037.62	10376198	1037.62

Note 2 RESERVES AND SURPLUS

	As at 31 March,2021		As at 31 March,2020	
(a) Securities premium account				
Opening balance	846.77		846.77	
Add : Premium on calls paid	-		-	
Closing balance		846.77		846.77
(b) Investment Allowance Reserve		.21		.21
(c) Land & Building Revaluation Reserve		80.00		80.00
(d) Capital Reserve		8.00		8.00
(e) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	2736.89		1893.75	
Add: Profit / (Loss) for the year	1541.50		843.15	
Less : Appropriations				
Less: Bonus Issue	-		-	
Interim Dividend	-		-	
Dividend Distribution Tax	-		-	
Closing balance		4278.39		2736.89
Total		5213.37		3671.87

Note 3 LONG TERM BORROWINGS

	As at 31 March,2021		As at 31 March,2020	
(a) Term loans				
From Banks (Secured)		1619.88		808.02
From other parties				
Secured	6.51		9.63	
Unsecured	200.00		200.00	
		206.51		209.63
(b) For the current Maturities of Long Term debt refer Note Other Current Liabilities				
Total		1826.39		1017.65



Note 4 DEFERRED TAX LIABILITY/ ASSET

	As at 31 March,2021		As at 31 March,2020	
Deferred tax Liability/Assets				
Tax effect of items constituting deferred tax liability				
On difference between book balance and tax balance of fixed assets, as restated with respect to previous years		-19.98		11.98
Current Year Adjustment of deferred Tax Asset		16.23		-31.96
Net deferred tax liability / (asset)		-3.76		-19.98

Note 5 OTHER LONG TERM LIABILITIES

	As at 31 March,2021		As at 31 March,2020	
Security Deposit Against Supply/Sale Of Goods		918.04		918.04
Total		918.04		918.04

Note 6 LONG TERM PROVISIONS

	As at 31 March,2021		As at 31 March,2020	
Provision for Gratuity		67.81		62.17
Total		67.81		62.17

Note 7 SHORT TERM BORROWINGS

	As at 31 March,2021		As at 31 March,2020	
Loans repayable on demand				
From Banks				
(a) Cash Credit Facility		539.04		1108.21
(b) Packing Credit Facility		1106.44		1015.73
Loans from Banks are secured against Inventory, Book Debts and Collateral securities in Immovable Properties		1645.48		2123.93
Total		1645.48		2123.93

Note 8 TRADE PAYABLES

	As at 31 March,2021		As at 31 March,2020	
Trade payables:				
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		1,034.59		918.18
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		1,586.88		1378.36
Total		2,621.47		2296.53

Note 9 OTHER CURRENT LIABILITIES

	As at 31 March,2021		As at 31 March,2020	
(a) Current Maturities of Long-Term Debts		650.93		355.18
(b) Interest Accrued but not due on borrowings		10.44		4.75
(c) Other payables		-		-
(d) Statutory Remittances		23.64		15.72
(e) Security Deposits Received		4.50		4.50
(f) Credit balances in Directors Salary A/c		46.69		103.63
(g) Other Expenses Payable		138.92		128.85
(h) Advances from customers		2093.06		1427.59
		2968.20		2040.22
Total		2968.20		2040.22

Note 10 SHORT TERM PROVISIONS

	As at 31 March,2021		As at 31 March,2020	
Provision for Taxation		580.00		300.00
Total		580.00		300.00



Note 12 NON CURRENT INVESTMENTS

	As at 31 March,2021		As at 31 March,2020	
Gold Coins	2.88		2.88	
Trustline Securities Ltd.	2.69		.38	
Gratuity Fund Investments	67.81		62.17	
Investment in Subsidiary	-		-	
Kwality Pharmaceuticals Africa Lda (Mozambique)	354.78		354.78	
Total		428.16		420.21

Note 13 LONG TERM LOANS AND ADVANCES

	As at 31 March,2021		As at 31 March,2020	
Security Deposits		17.23		12.33
Total		17.23		12.33

Note 14 CURRENT INVESTMENTS

	As at 31 March,2021		As at 31 March,2020	
Fixed Deposits including deposits towards Margin Money Against Guarantees		443.75		333.75
Total		443.75		333.75

Note 15 INVENTORIES

(As taken valued and certified by the Directors)

	As at 31 March,2021		As at 31 March,2020	
(a) Raw materials at cost		787.65		1107.90
(b) Finished goods at cost or net realisable value wh		585.13		594.41
(c) Packing Material at Cost		363.66		539.37
Total		1736.45		2241.68

Note 16 TRADE RECEIVABLES

	As at 31 March,2021		As at 31 March,2020	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Secured, considered good	-		-	
Unsecured, considered good	642.00		685.55	
Doubtful	-		-	
Less: Provision for doubtful trade receivables	-		-	
		642.00		685.55
Other Trade receivables				
Unsecured, considered good	3135.56		2348.97	
Less: Provision for doubtful trade receivables	-		-	
		3135.56		2348.97
Total		3777.56		3034.52

Note 17 CASH AND CASH EQUIVALENTS

	As at 31 March,2021		As at 31 March,2020	
(a) Cash on hand		6.41		18.69
(b) Balances with banks				
(i) In current accounts		506.89		95.95
Total		513.30		114.65



Note 18 SHORT TERM LOANS AND ADVANCES

	As at 31 March,2021		As at 31 March,2020	
(a) Security deposits		269.61		263.73
(b) Prepaid expenses		8.95		8.27
(c) Balances with government authorities		2496.46		2201.39
(d) Advances for supply of goods and services		1341.94		651.33
Total		4116.96		3124.72

Note 19 OTHER CURRENT ASSETS

	As at 31 March,2021		As at 31 March,2020	
Deferred Revenue Expenditure:				
(a) Share Issue expenses		.00		3.46
(b) Others		-		-
Total		.00		3.46

Note 20 REVENUE FROM OPERATIONS

	As at 31 March,2021		As at 31 March,2020	
Sale of products				
Domestic		9573.42		5986.45
Export Sales		16576.85		7881.94
Total		26150.27		13868.38

Note 21 OTHER INCOME

	As at 31 March,2021		As at 31 March,2020	
Interest on:				
Interest on FDR		18.14		17.91
Interest on loan,Mozambique		.00		36.99
Interest on Electricity		.00		1.06
		18.14		55.96
D.E.P.B Income		.00		199.06
Profit on Sale of Assets		.00		10.58
Foreign Currency Adjustment		36.39		15.30
Rebate and Discount		.00		.35
Export Duty Drawback		104.22		105.37
Other Income		.00		5.43
Total		158.76		392.05

Note 22 COST OF MATERIAL CONSUMED

	As at 31 March,2021		As at 31 March,2020	
Opening stock Raw material and Packing material		1647.27		1081.51
Add: Purchases Raw material and Packing material		16031.71		9757.69
		17678.98		10839.20
Less: Purchase return		17678.98		10839.20
Less: Closing stock Raw material and Packing material		1151.31		1647.27
Total		16527.67		9191.93

Note 23 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	As at 31 March,2021		As at 31 March,2020	
Opening stock Finished Goods		594.41		42.73
Stock in Trade (Transfer)		-		-
Less: Closing stock of Finised Goods		585.13		594.41
		9.28		-551.68
Total		9.28		-551.68



Note 24 EMPLOYEE BENEFITS EXPENSE

	As at 31 March,2021		As at 31 March,2020	
Salaries and wages		1288.98		917.94
Directors Remuneration		120.00		100.80
Provision for gratuity		8.11		.50
Contributions to provident and other funds		64.91		73.36
Staff welfare expenses		85.91		76.01
Total		1567.91		1168.61

Note 25 FINANCE COSTS

	As at 31 March,2021		As at 31 March,2020	
(a) Interest expense on:				
(i) Bank Borrowings		237.26		232.52
(iii) Interest & financial chgs on vehicle & other lo		13.53		12.62
(iv) Interest Accrued but not due on borrowings		10.44		4.75
Total		261.23		249.88

Note 26 OTHER EXPENSES

	As at 31 March,2021		As at 31 March,2020	
Director's Sitting Fees		2.00		.36
Bank Rating Charges		.77		2.20
Communication Expenses		6.94		4.79
Customs Duty Charges		98.55		18.38
CSR Expenditure		26.69		17.62
Export Ocean Freight		33.49		98.11
Exports Agency Charges		43.41		6.34
Exports Clearing Charges		13.86		4.14
Factory Exp.		162.29		118.43
Fees and taxes		45.44		10.84
Freight and forwarding		1533.59		599.12
Insurance		103.33		93.38
Import Clearing Charges		10.27		5.56
Inward expenses		.22		.63
Legal and professional		159.72		106.43
Management & Consultancy expenses		19.23		10.96
Miscellaneous expenses		38.17		6.63
Office Expenditure		34.21		27.95
Payments to auditors :				
As Auditors	4.00		4.00	
For other Services	-		-	
		4.00		4.00
Postage & Telegram		15.50		19.56
Power, Fuel , Gases & Electricity		610.65		418.82
Printing and stationery		81.28		78.37
Rent including lease rentals		3.72		3.17
Repairs and maintenance		599.12		305.84
Sales commission		957.86		308.08
Tender Expenses		.79		1.40
Testing, Laboratory charges		316.73		176.00
Travelling and conveyance		21.49		45.48
Festival Expense		4.06		4.84
Fine & Penalty		41.69		.39
Share Issue Expense & Other Deferred Revenue Expenses		3.46		3.46
Consumable Stores & Spares		95.05		40.61
Advertisement & Publicity		2.42		2.92
Interest & Late Fees on TDS Defaults		.36		.37
Loss on Sale of Vehicle		1.96		
Sales Promotion		4.89		36.02
Total		5097.24		2581.19



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Note 11 FIXED ASSETS

(Rupees in Lakhs)

Description of Assets	Gross Block (At Cost)				Accumulated Depreciation			Net Block		
	As at 01.04.20	Additions during the year	Sale/ Deductions during the year	As at 31.03.2021	Upto 31.03.2020	Dep on asset sold	For the year ended 31.03.2021	As at 31.03.2021	As at 31.03.2021	As at 01.04.20
Plant & Machinery	2548.28	1278.89	.00	3827.17	598.02	.00	270.98	869.00	2958.17	1950.26
Building	1784.62	364.18	.00	2148.80	442.21	.00	133.75	575.96	1572.85	436.02
New Building under Construction	.00	289.42	.00	289.42	.00	.00	.00	.00	289.42	906.38
Furniture	109.47	14.05	.00	123.52	45.36	.00	19.40	64.76	58.76	64.12
Vehicles	570.00	143.64	87.33	626.31	393.73	70.97	92.41	415.17	211.14	176.27
Computer Equipment	187.20	56.96	.00	244.16	142.37	.00	42.09	184.46	59.70	44.83
Laboratory Equipment	682.85	153.98	.00	836.83	254.01	.00	62.21	316.22	520.62	428.84
Office Equipment	27.87	2.15	.00	30.01	23.24	.00	3.22	26.46	3.56	4.63
Lift A/c.	31.17	.00	.00	31.17	18.03	.00	2.16	20.18	10.99	13.14
Electric Fittings	70.29	35.15	.00	105.44	37.85	.00	17.40	55.25	50.20	32.45
Land	105.80	.00	.00	105.80	.00	.00	.00	.00	105.80	105.80
Total	6117.54	2338.43	87.33	8368.64	1954.80	70.97	643.61	2527.45	5841.20	4162.74
Previous Year Figure	4626.21	2073.85	582.53	6117.54	1823.86	308.53	439.46	1954.80	4162.74	2802.35

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

Sd/-

CA Gaurav Aggarwal
(Partner)
Membership No. 098347

Place : Amritsar
Date : 30/06/2021

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 (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)				
Standalone Cash Flow Statement for the year ended 31st March 2021				
		Year ended 31st March 2021 (Rupees in Lakhs)	Year ended 31st March 2020 in Lakhs)	(Rupees)
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit Before Tax	2179.91		1114.01
	Adjustments for:			
	Depreciation	643.61	439.46	
	(Profit)/loss on sale of Assets	1.96	(10.58)	
	Long-term Provision for Gratuity	5.64	0.50	
	Amortisation of Share Capital Expenses	3.46	3.46	
	Interest & Finance Charges	261.23	249.88	
	Interest on FDR	(18.14)	(17.91)	
	Interest on Investment, deposits and advances	-	(38.05)	
	Investment In shares written off	-	-	
		897.76		626.76
	Operating Profit before Working Capital Changes	3,077.67		1,740.77
	Adjustments for:			
	Decrease/(Increase) in Receivables	(743.04)	840.01	
	Decrease/(Increase) in Short Term Loans & advances	(992.24)	(1,120.17)	
	Decrease/(Increase) in Inventories	505.23	(1,117.44)	
	Decrease/(Increase) in Other Current Assets	3.46	-	
	Decrease/(Increase) in Current Investments	(110.00)	48.66	
	Increase/(Decrease) in Other current Liabilities	927.98	(117.27)	
	Increase/(Decrease) in Short Term Provisions	280.00	(30.00)	
	Increase/(Decrease) in Payables	324.93	589.74	
		196.32		(906.47)
	Cash generated from operations	3,273.99		834.30
	Less: Income Tax	638.40		270.86
	Net Cash flow from Operating activities (A)	2,635.59		563.44
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets	(2,339.27)	(2,073.85)	
	Sale of Fixed Assets	14.40	284.58	
	Decrease in Investment	(12.85)	52.75	
	Interest on Investment	-	36.99	
	Interest on Electricity Deposit	-	1.06	
	Interest on FDR	18.14	17.91	
	Decrease in Other Non Current Assets	-	(31.96)	
	Net Cash used in Investing activities (B)	(2,319.58)		(1,712.52)
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from Long term Borrowings	1,516.79	706.91	
	Proceeds from Short term Borrowings	35,794.52	25,045.50	
	Repayment of Long Term Borrowings	(509.19)	(390.53)	
	Repayment of Short Term Borrowings	(36,458.24)	(24,794.31)	
	Interest paid	(261.23)	(249.88)	
	Increase in Long term Liabilities	-	918.04	
	Share Issue Expenses		-	
	Net Cash from financing activities (C)	82.65		1,235.73
	Net increase in cash & Cash Equivalents (A+B+C)	398.66		86.65
	Opening Cash and Cash equivalents	114.65		28.00
	Closing Cash and Cash equivalents	513.30		114.65



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	Cash & Cash Equivalents	As on	
		31.03.2021	31.03.2020.
	Cash in Hand	6.41	18.69
	Cash at Bank	506.89	95.95
	Cash & Cash equivalents as stated in Financial Statements	513.30	114.65

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

Sd/-

CA Gaurav Aggarwal
(Partner)
Membership No. 098347

Place : Amritsar
Date : 30/06/2021

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

**KWALITI PHARMACEUTICALS LIMITED****NOTES & DISCLOSURES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021****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 st March 2021		As at 31 st March 2020	
	No. of Equity Shares held	% Holding	No. of Equity Shares held	% Holding
Ramesh Arora	3202484	30.86%	3202484	30.86%
Ajay Arora	1395628	13.45%	1395628	13.45%
RKK PORTFOLIO PRIVATE LIMITED	1381470	13.31%	1381470	13.31%
DEEPAK BANSAL	847878	8.17%	637878	6.15%
Ways Vinimay Private Ltd.	563994	5.44%	563994	5.43%
ADITYA ARORA	652932	6.29%	-	-

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 st March 2021		As at 31 st March 2020	
	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

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.	Mercedes Car	The loan is repayable in 60 installments of Rs. 1,09,493/- each starting from May 2017
2.	Skoda Car	The loan is repayable in 60 installments of Rs. 20,914/- each starting from November 2016
3.	Innova Car	The loan is repayable in 60 installments of Rs. 31,065/- each starting from April 2018
4.	Truck	The loan is repayable in 59 installments of Rs. 33,153/- each starting from February 2018
5.	BMW 6 SERIES	The loan is repayable in 60 installments of Rs. 1,38,932/- each starting from December 2018
6.	BMW X3	The loan is repayable in 60 installments of Rs. 1,07,926/- each starting from February 2019
7.	Maruti Suzuki eeco 5 seated	The loan is repayable in 60 installments of Rs. 6,851/- each starting from September 2018
8.	Breeza Car	The loan is repayable in 36 installments of Rs. 30,124/- each starting from July 2019
9.	EECO Car	The loan is repayable in 36 installments of Rs. 12,815/- each starting from December 2019
10.	TATA Yodha (Truck)	The loan is repayable in 36 installments of Rs. 17,320/- each starting from July 2019
11.	Hyundai Creta Car	The loan is repayable in 39 installments of Rs. 46,468/- each starting from October 2020
12.	Jaguar Car	The loan is repayable in 39 installments of Rs. 1,78,883/- each starting from August 2020
13.	Toyota Fortuner	The loan is repayable in 39 installments of Rs. 1,00,930/- each starting from March 2021
14.	Toyota Innova	The loan is repayable in 36 installments of Rs. 55,991/- each starting from February 2021
15.	BBG-WC Term Loan- GECL	The loan is repayable in 36 installments of Rs. 13,59,099/- each starting from October 2021. Loan started from October 2020 with principal Moratorium for 12 Months. Amount Financed 553.00 Lakhs
16.	BBG-WC Term Loan	The loan is repayable in 48 installments of Rs. 10,26,654/- each starting from February 2019
17.	BBG- WC Term Loan	The loan is repayable in 61 installments of Rs. 8,93,845/- each



		starting from June 2018
18.	BBG- WC Term Loan	The loan is repayable in 60 installments of Rs. 8,77,479/- each starting from June 2019

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, Preshipment, 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 Ka Bagh, 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 25** 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 31.03.2020	DTA/(DTL) for the year 2020-21	DTA/(DTL) as on 31.03.2021
Opening balance of Deferred Tax Liability	19.98		
On Account of Difference between depreciation as per books of accounts and Income Tax Act, 1961		(16.23)	
Closing Balance of Deferred Tax (Liability)/Asset			3.75

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

Reference **Note 24** 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 st March 2021 (in Rs.)	Year ended 31 st March 2020 (in Rs.)
Contribution to Provident Fund	48,58,558/-	49,86,600/-
Contribution to Employee State Insurance Scheme	16,32,753/-	23,48,996/-
Provision for Gratuity	8,11,090/-	50,000/-

32. TRADE PAYABLES AND MICRO AND SMALL ENTERPRISES' DUES

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

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.1034.59 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 31st, 2021 are Rs. 2621.47 Lakhs and March 31st, 2020 are Rs. 2296.54 Lakhs.

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. 580.00 Lakhs (Previous Year Rs. 300.00 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 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.190.67 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 “**Tangible Assets**”, 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, 2021. 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.

36. SHARE ISSUE EXPENSES

The Company has incurred share issue expenses amounting to Rs. 17.30 Lakhs during the year ended 31.03.2017 for the purpose of bringing an Initial Public Offer in the stock market. Expenses incurred during the year in connection with issue of shares is accumulated and amortized over a period of five years from the year of issue of shares. Share issue expenses have been completely amortized in the current year.

37. TRADE RECEIVABLES

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

Outstanding Trade Receivables as on March 31st, 2021 i.e. Rs. 3777.56 Lakhs and March 31st, 2020 i.e. Rs. 3034.52 Lakhs do include Trade Receivables in foreign currency to such extent as depicted as under:

CURRENCY	As at 31 st March 2021		As at 31 st March, 2020	
	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	23.43	1713.87	11.28	850.10



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

38. COST OF MATERIALS CONSUMED

Reference: **Note 22** 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 st March 2021		As at 31 st March 2020	
	% Consumption	Rs. In Lakhs	% Consumption	Rs. In Lakhs
Imported and Indigenous				
Imported	17.65	2940.80	10.09	992.22
Indigenous	82.35	13586.87	89.91	8832.49
TOTAL	100.00	16527.67	100.00	9824.71

39. EXCHANGE GAIN/(LOSS)

Reference: **Note 21** 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. 36,39,483.76/- [Previous Year Rs. 15,29,604.32/-].

40. CONTINGENT LIABILITIES AND PENDING LITIGATIONS

❖ Contingent Liabilities

Particulars	As at 31 st March 2021 (Rs. In Lakhs)	As at 31 st March 2020 (Rs. In Lakhs)
i Contingent Liabilities		
a) Corporate Guarantee given on behalf of related parties	Nil	Nil
b) Disputed Demands by Income Tax Authorities	As per Note Below*	
c) Guarantees given by bankers against Government tenders	59.20	126.83

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.



* ACIT Circle IV – Amritsar vide an order U/s 143(3) of the Income Tax Act 1961 dated 28-09-2016 made certain additions and computed the total income of the Assessee company at Rs 4,04,00,070/- against the total income declared by the company at Rs 88,99,070/- for the Assessment year 2012-2013. The assessee company went in appeal against this order of the assessing officer with CIT (Appeals) Amritsar. CIT(Appeals) vide its order u/s 250(6) dated 26/10/2016 partly deleted additions amounting to Rs 2,00,00,000/- and confirmed the part additions amounting to Rs 1,15,01,000/-. The assessee Company has filed further appeal to Income Tax Appellate Tribunal on 25/11/2016 vide ITA 587/Asr/2016 for deleting the additions confirmed by the CIT(Appeals). Similarly the Income Tax Department has also filed a parallel appeal against CIT (Appeals) order deleting the additions of Rs 2,00,00,000/- on 05/12/2016 vide ITA 623/Asr/2016.

The Company has settled the litigation with respect to above assessments by opting for Vivad se Vishwas Scheme 2020. The pending tax liability after getting relief under the scheme has been deposited and debited to Income Tax related to earlier year head in the statement of Profit and loss Account.

❖ **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.

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 Kwalita 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 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 upto 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) Fixed Assets 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, 2021.

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, 2021.

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:

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. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

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. 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.

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. 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.

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 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 st March 2021 (Rs. In Lakhs)	Year Ended 31 st March 2020 (Rs. In Lakhs)
Income		
Sale of Products	16576.85	7881.94
Expenditure		
Capital Goods	127.55	133.96
Raw Materials	2940.80	1050.28

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

Name	Relationship	Nature of Transactions	Amount of Transactions for the year 2020-21 (Rs. In Lakhs)	Amount of Transactions for the year 2019-20 (Rs. In Lakhs)



Ajay Arora	Director	Remuneration	36.00	33.00
		Rent	1.08	1.08
Anju Arora	Director	Remuneration	12.00	8.40
Geeta Arora	Director	Remuneration	12.00	8.40
Ramesh Arora	Director	Remuneration	36.00	33.00
		Rent	1.08	1.08
		Loan	200.00	200.00
Aditya Arora	Director	Remuneration	24.00	18.00
Kanika Arora	Daughter of Director	Salary	3.00	2.82
Kwality Pharmaceuticals Africa Lda	Subsidiary	Interest Accrued	0.00	36.99
		Sale of Products	190.67	91.62
Aastha Seth	Director's Wife	Salary	4.20	4.20
Geetika Arora	Director's daughter in law	Salary	12.00	6.00

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

	Year ended 31 st March 2021 (In Lakhs)	Year ended 31 st March 2020 (In Lakhs)
Profit used as numerator for calculating EPS	1,541.50	843.15
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	14.86	8.13

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Adjusted Earnings as per AS -20	14.86	8.13

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

For and on behalf of the Board of Directors

Sd/-
Gaurav Aggarwal
Partner
Membership Number: **098347**

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

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

Sd/-
(Gurpreet Kaur)
Company Secretary

Sd/-
(Aditya Arora)
Director & Chief Financial Officer

Place: Amritsar
Date: 30/06/2021



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 **31st March, 2021**, 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 2021**, 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



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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 Consolidated 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.

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. 316.72 Lakhs as at 31st March, 2021 and total revenues of Rs. 241.85 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.
- 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 2021 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, 2021, 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:



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- 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.

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

**Sd/-
CA Gaurav Aggarwal
(Partner)**

**Membership No. 098347
UDIN:-21098347AAAAAK8664**

**Place:- Amritsar
Date:- 30/06/2021**



"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, 2021** 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, 2021** 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:-21098347AAAAAK8664**

**Place:- Amritsar
Date:- 30/06/2021**



KWALITY PHARMACEUTICALS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2021

Annual Report 2020-21

(Rupees in Lakhs)

Particulars		Note	As at 31 March, 2021 (Audited)	As at 31 March, 2020 (Audited)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	1037.62	1037.62
	(b) Reserves and surplus	2	5077.64	3563.05
			6115.26	4600.67
2	Minority Interest in Subsidiary		(130.19)	(104.35)
3	Non-current liabilities			
	(a) Long-term borrowings	3	1826.39	1017.65
	(b) Deferred tax liabilities (net)	4	-	.00
	(c) Other long-term liabilities	5	918.04	918.04
	(d) Long-term provisions	6	67.81	62.17
			2812.24	1997.86
4	Current liabilities			
	(a) Short-term borrowings	7	1645.48	2123.93
	(b) Trade payables	8		
	(i) Total outstanding dues to Micro and Small enterprises		1034.59	918.18
	(ii) Total outstanding dues other than Micro and Small enterprises		1586.87	1378.37
	(c) Other current liabilities	9	2982.10	2054.78
	(d) Short-term provisions	10	580.00	300.00
			7829.05	6775.25
	TOTAL		16626.36	13269.43
B	ASSETS			
1	Non-current assets			
	(a) Property Plant & Equipment			
	(i) Tangible	11	5942.07	4268.63
	(b) Non-current investments	12	73.39	65.43
	(c) Deferred Tax Assets(Net)	4	3.76	19.98
	(c) Long-term loans and advances	13	17.23	12.33
	(d) Other non-current assets		-	-
			6036.44	4366.38
2	Current assets			
	(a) Current investments	14	443.75	333.75
	(b) Inventories	15	1736.45	2241.68
	(c) Trade receivables	16	3571.08	3033.12
	(d) Cash and cash equivalents	17	580.85	153.83
	(e) Short-term loans and advances	18	4257.79	3137.20
	(f) Other current assets	19	.00	3.46
			10589.92	8903.05
	TOTAL		16626.36	13269.43
	See accompanying notes forming part of the financial statements			

In terms of our Report Attached
For ARORA AGGARWAL & CO.
Chartered Accountants
(Firm's Registration No. 021086N)

For and on behalf of the Board of Directors

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347

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

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

Place : Amritsar
Date : 30/06/2021

Sd/-
(Gurpreet Kaur)
Company Secretary

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



KWALITI PHARMACEUTICALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2021

Annual Report 2020-21

(Rupees in Lakhs)

Particulars	Note	As at 31 March, 2021 (Audited)	As at 31 March, 2020 (Audited)
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	20	26201.44	13929.75
2 Other income	21	158.76	365.96
3 Total revenue (1+2)		26360.20	14295.71
4 Expenses			
(a) Cost of materials consumed	22	16527.67	9191.93
(b) Purchases of stock-in-trade		22.18	67.02
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	9.28	-551.22
(d) Employee benefits expense	24	1590.01	1193.16
(e) Finance Cost	25	267.16	249.88
(f) Depreciation and amortisation expense	11	649.30	443.39
(g) Other expenses	26	5167.44	2609.83
Total expenses		24233.03	13203.99
5 Profit/(Loss) from operations before Exceptional items (3-4)		2127.17	1091.72
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (6-7)		2127.17	1091.72
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 ± 8)		2127.17	1091.72
10 Tax expense:			
(a) Current Tax		580.00	300.17
(b) Deferred Tax		16.23	(31.96)
(c) Income Tax relating to earlier Years		42.18	2.82
11 Profit / (Loss) from continuing operations (9 ± 10)		1488.75	820.69
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from discontinuing operations		0.00	0.00
13 Profit / (Loss) for the year (11 ± 12)		1488.75	820.69
14 Add/(Less) Minority interest in Subsidiary profits		25.84	11.01
15 Profit / (Loss) for the year (13 ± 14)		1514.60	831.70
16 Paid up equity share capital (Face value of Rs.10 per share)		1037.62	1037.62
17 Earning Per Share (EPS) (Not Annualised)			
(a) Basic (Rs.)		14.60	8.02
(b) Diluted (Rs.)		14.60	8.02
(c) Adjusted (Rs.)		-	-
See accompanying notes forming part of the financial			

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

Place : Amritsar
Date : 30/06/2021

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 2020-21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 SHARE CAPITAL

(Rupees in Lakhs)

	As at 31 March,2021		As at 31 March,2020	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	16000000	1600.00	16000000	1600.00
(b) Issued				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	10376198	1037.62	10376198	1037.62
(d) Subscribed but not fully paid up	-	-	-	-
Total	10376198	1037.62	10376198	1037.62

Note 2 RESERVES AND SURPLUS

	As at 31 March,2021		As at 31 March,2020	
(a) Securities premium account				
Opening balance	846.77		846.77	
Add : Premium on calls paid	0.00		0.00	
Closing balance		846.77		846.77
(b) Investment Allowance Reserve		0.21		0.21
(c) Land & Building Revaluation Reserve		80.00		80.00
(d) Capital Reserve		8.00		8.00
(e) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	2628.07		1757.42	
Add: Profit / (Loss) for the year	1514.60		831.70	
Add: Assets Revaluation	.00		38.96	
Less : Appropriations	-		-	
Less: Bonus Issue	-		-	
Interim Dividend	-		-	
Dividend Distribution Tax	-		-	
Closing balance		4142.67		2628.07
Total		5077.64		3563.05

Note 3 LONG TERM BORROWINGS

	As at 31 March,2021		As at 31 March,2020	
(a) Term loans				
From Banks (Secured)		1619.88		808.02
From other parties				
Secured	6.51		9.63	
Unsecured	200.00		200.00	
		206.51		209.63
Total		1826.39		1017.65

Note 4 DEFERRED TAX LIABILITY/ ASSET

	As at 31 March,2021		As at 31 March,2020	
Deferred tax Liability/Assets				
<u>Tax effect of items constituting deferred tax liability</u>				
On difference between book balance and tax balance of fixed assets, as restated with respect to previous years		-19.98		11.98
Current Year Adjustment of deferred Tax Asset		16.23		(31.96)
Net deferred tax liability / (Asset)		(3.76)		-19.98



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Note 5 OTHER LONG TERM LIABILITIES

	As at 31 March,2021		As at 31 March,2020	
Security Deposit Against Supply/Sale Of Goods		918.04		918.04
Total		918.04		918.04

Note 6 LONG TERM PROVISIONS

	As at 31 March,2021		As at 31 March,2020	
Provision for Gratuity		67.81		62.17
Total		67.81		62.17

Note 7 SHORT TERM BORROWINGS

	As at 31 March,2021		As at 31 March,2020	
Loans repayable on demand				
From Banks				
(a) Cash Credit Facility		539.04		1108.21
(b) Packing Credit Facility		1106.44		1015.73
Loans from Banks are secured against Inventory, Book		1645.48		2123.93
Total		1645.48		2123.93

Note 8 TRADE PAYABLES

	As at 31 March,2021		As at 31 March,2020	
Trade payables:				
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		1034.59		918.18
(b) Total outstanding dues of Creditors other than Micro		1586.87		1378.37
(c) Trade Payable Mozambique		-		-
Total		2621.46		2296.54

Note 9 OTHER CURRENT LIABILITIES

	As at 31 March,2021		As at 31 March,2020	
(a) Current Maturities of Long-Term Debts		650.93		355.18
(b) Interest Accrued but not due on borrowings		10.44		4.75
(c) Other payables				
Statutory Remittances		23.64		15.72
Security Deposits Received		4.50		4.50
Credit balances in Directors Salary A/c		46.69		103.63
Other Expenses Payable		138.92		128.85
Advances from customers		2093.06		1427.59
Payables at Mozambique		13.91		14.55
		2320.73		1694.85
Total		2982.10		2054.78

Note 10 SHORT TERM PROVISIONS

	As at 31 March,2021		As at 31 March,2020	
Provision for Taxation		580.00		300.00
Total		580.00		300.00

Note 12 NON CURRENT INVESTMENTS

	As at 31 March,2021		As at 31 March,2020	
Gold Coins		2.88		2.88
Trustline Securities Ltd.		2.69		.38
Gratuity Fund Investments		67.81		62.17
Total		73.39		65.43



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Note 13 LONG TERM LOANS AND ADVANCES

	As at 31 March,2021	As at 31 March,2020
Security Deposits	17.23	12.33
Total	17.23	12.33

Note 14 CURRENT INVESTMENTS

	As at 31 March,2021	As at 31 March,2020
Fixed Deposits including deposits towards Margin Money	443.75	333.75
Total	443.75	333.75

Note 15 INVENTORIES

(As taken valued and certified by the Directors)

	As at 31 March,2021	As at 31 March,2020
(a) Raw materials at cost	787.65	1108.61
(b) Finished goods at cost or net realisable value which ever	585.13	593.71
(c) Packing Material at Cost	363.66	539.37
Total	1736.45	2241.68

Note 16 TRADE RECEIVABLES

	As at 31 March,2021	As at 31 March,2020
Trade receivables outstanding for a period exceeding six		
Secured, considered good	-	-
Unsecured, considered good	592.64	685.55
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	592.64	685.55
Other Trade receivables		
Unsecured, considered good	2978.43	2347.56
Less: Provision for doubtful trade receivables	-	-
	2978.43	2347.56
Total	3571.08	3033.12

Note 17 CASH AND CASH EQUIVALENTS

	As at 31 March,2021	As at 31 March,2020
(a) Cash on hand	6.41	18.69
(b) Balances with banks		
(i) In current accounts	506.89	95.95
(c) Balances in Mozambique		
Cash on Hand	19.74	-
Bank balance	47.81	39.19
Total	580.85	153.83

Note 18 SHORT TERM LOANS AND ADVANCES

	As at 31 March,2021	As at 31 March,2020
(a) Security deposits	269.61	263.73
(b) Prepaid expenses	8.95	8.27
(c) Balances with government authorities	2496.46	2201.39
(d) Advances for supply of goods and services	1341.94	651.33
(e) Mozambique Balances with government authorities	140.83	12.49
Total	4257.79	3137.20

Note 19 OTHER CURRENT ASSETS

	As at 31 March,2021	As at 31 March,2020
Deferred Revenue Expenditure:		
(a) Share Issue expenses	.00	3.46
Total	.00	3.46



Note 20 REVENUE FROM OPERATIONS

	As at 31 March,2021	As at 31 March,2020
Sale of products		
Domestic	9573.42	5986.45
Export Sales	16386.17	7790.31
Mozambique Sales	241.85	152.99
Total	26201.44	13929.75

Note 21 OTHER INCOME

	As at 31 March,2021	As at 31 March,2020
Interest on:		
Interest on FDR	18.14	17.91
Interest on Electricity	.00	1.06
	18.14	18.97
D.E.P.B Income	.00	199.06
Profit on Sale of Assets	.00	10.58
Foreign Currency Adjustment	36.39	15.30
Rebate and Discount	0.00	.35
Export Duty Drawback	104.22	105.37
Other Income		5.43
Mozambique other income		10.90
Total	158.76	365.96

Note 22 COST OF MATERIAL CONSUMED

	As at 31 March,2021	As at 31 March,2020
Opening stock Raw material and Packing material	1647.27	1081.51
Add: Purchases Raw material and Packing material	16031.71	9757.69
	17678.98	10839.20
Less: Purchase return	17678.98	10839.20
Less: Closing stock Raw material and Packing material	1151.31	1647.27
Total	16527.67	9191.93

Note 23 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

	As at 31 March,2021	As at 31 March,2020
Opening stock Finished Goods	594.41	43.19
Stock in Trade (Transfer)	-	-
Less: Closing stock of Finised Goods	585.13	594.41
	9.28	-551.22
Total	9.28	-551.22

Note 24 EMPLOYEE BENEFITS EXPENSE

	As at 31 March,2021	As at 31 March,2020
Salaries and wages	1288.03	917.94
Directors Remuneration	120.00	100.80
Provision for gratuity	8.11	.50
Contributions to provident and other funds	65.86	73.36
Staff welfare expenses	85.91	76.01
Mozambique Staff Expense:		
Staff Salary	22.10	24.55
Total	1590.01	1193.16

Note 25 FINANCE COSTS

	As at 31 March,2021	As at 31 March,2020
(a) Interest expense on:		
(i) Bank Borrowings	237.26	232.52
(ii) Interest & financial chgs on vehicle & other loans	19.46	12.62
(iii) Interest Accrued but not due on borrowings	10.44	4.75
Total	267.16	249.88



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Note 26 OTHER EXPENSES

	As at 31 March,2021		As at 31 March,2020	
Director's Sitting Fees		2.00		.36
Bank Rating Charges		.77		2.20
Communication (telephone)		6.94		4.79
Customs Duty Charges		98.55		18.38
CSR Expenditure		26.69		17.62
Export Ocean Freight		33.49		98.11
Exports Agency Charges		43.41		6.34
Exports Clearing Charges		13.86		4.14
Factory Exp.		162.29		118.43
Fees and taxes		45.44		10.84
Freight and forwarding		1533.59		599.12
Insurance		103.33		93.38
Import Clearing Charges		10.27		5.56
Inward expenses		.22		.63
Legal and professional		159.72		106.43
Management & Consultancy expenses		19.23		10.96
Miscellaneous expenses		38.17		6.63
Office Expenditure		34.21		27.95
Payments to auditors :				
As Auditors	4.00		4.00	
For other Services	-		-	
		4.00		4.00
Postage & Telegram		15.50		19.56
Power, Fuel , Gases & Electricity		610.65		418.82
Printing and stationery		81.28		78.37
Rent including lease rentals		3.72		3.17
Repairs and maintenance		599.12		305.84
Sales commission		957.86		308.08
Tender Expenses		.79		1.40
Testing, Laboratory charges		316.73		176.00
Travelling and conveyance		21.49		45.48
Festival Expense		4.06		4.84
Fine & Penalty		41.69		.39
Share Issue Expense & Other Deferred Revenue Expenses		3.46		3.46
Consumable Stores & Spares		95.05		40.61
Advertisement & Publicity		2.42		2.92
Interest & Late Fees on TDS Defaults		.36		.37
Loss on Sale of Vehicle		1.96		
Sales Promotion		4.89		36.02
Mozambique Subsidiary Expenditure:				
Office Expenses		3.87		
Travelling		5.57		2.58
Stationary		1.28		2.14
Professional fee		2.87		4.91
Fuel and electricity		2.68		1.57
Communication		1.33		1.61
Other Expenses		3.82		10.40
Fees and taxes		2.55		5.42
Forex Losses		26.84		
Import Expenses		19.37		
Total		5167.44		2609.83



Note 11 FIXED ASSETS

Annual Report 2020-21

(Rupees in Lakhs)

Description of Assets	Gross Block (At Cost)				Accumulated Depreciation				Net Block	
	As at 01.04.20	Additions during the year	Sale/ Deductions during the year	As at 31.03.2021	Upto 31.03.2020	Dep on asset sold	For the year ended 31.03.2021	As at 31.03.2021	As at 31.03.2021	As at 01.04.20
Plant & Machinery	2548.28	1278.89	.00	3827.17	598.02	.00	270.98	869.00	2958.17	1950.26
Building	1784.62	364.18	0.00	2148.80	442.21	0.00	133.75	575.96	1572.85	436.02
New Building under Construction	.00	289.42	.00	289.42	0.00	0.00	0.00	0.00	289.42	906.38
Furniture	109.47	14.05	0.00	123.52	45.36	0.00	19.40	64.76	58.76	64.12
Vehicles	570.00	143.64	87.33	626.31	393.73	70.97	92.41	415.17	211.14	176.27
Computer Equipment	187.20	56.96	0.00	244.16	142.37	0.00	42.09	184.46	59.70	44.83
Laboratory Equipment	682.85	153.98	0.00	836.83	254.01	0.00	62.21	316.22	520.62	428.84
Office Equipment	27.87	2.15	0.00	30.01	23.24	0.00	3.22	26.46	3.56	4.63
Lift A/c.	31.17	0.00	0.00	31.17	18.03	0.00	2.16	20.18	10.99	13.14
Electric Fittings	70.29	35.15	0.00	105.44	37.85	0.00	17.40	55.25	50.20	32.45
Land	105.80	0.00	0.00	105.80	0.00	0.00	0.00	0.00	105.80	105.80
Property and furniture at Mozambique	142.20	.68	0.00	142.88	36.31	0.00	5.69	42.00	100.87	105.89
Total	6259.74	2339.11	87.33	8511.52	1991.12	70.97	649.30	2569.45	5942.07	4268.63
Previous Year Figure	4764.36	2077.90	582.53	6259.74	1856.23	308.53	443.39	1991.11	4268.63	2908.12

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

Sd/-
CA Gaurav Aggarwal
(Partner)
Membership No. 098347

Place : Amritsar
Date : 30/06/2021

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

Consolidated Cash Flow Statement for the year ended 31st March 2021

	Year ended 31st March 2021 (Rupees in Lakhs)	Year ended 31st March 2020 (Rupees in Lakhs)
A	CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax	2127.16	1091.72
Adjustments for:		
Depreciation	649.30	443.39
(Profit)/loss on sale of Assets	1.96	(10.58)
Long-term Provision for Gratuity	5.64	0.50
Amortisation of Share Capital Expenses	3.46	3.46
Interest & Finance Charges	267.16	249.88
Interest on FDR	(18.14)	(17.91)
Interest on Investment, deposits and advances	-	(4.95)
Investment In shares written off	-	-
Minority Interest Adjustment	-	5.90
Assets Revaluation	-	38.96
	-	
	909.38	708.65
Operating Profit before Working Capital Changes	3,036.54	1,800.37
Adjustments for:		
Decrease/(Increase) in Receivables	(537.95)	809.66
Decrease/(Increase) in Short Term Loans & advances	(1,120.58)	(1,116.47)
Decrease/(Increase) in Inventories	505.23	(1,116.98)
Decrease/(Increase) in Other Current Assets	3.46	-
Decrease/(Increase) in Current Investments	(110.00)	69.92
Increase/(Decrease) in Other current Liabilities	927.32	(118.33)
Increase/(Decrease) in Short Term Provisions	280.00	(30.42)
Increase/(Decrease) in Payables	324.92	589.74
		(912.88)
Cash generated from operations	3,308.95	887.49
Less: Income Tax	638.41	271.03
Net Cash flow from Operating activities (A)	2,670.54	616.47
B	CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(2,339.95)	(2,077.90)
Sale of Fixed Assets	14.40	284.58
Decrease in Investment	(12.85)	22.58
Interest on Investment	-	3.89
Interest on Electricity Deposit	-	1.06
Interest on FDR	18.14	17.91
Decrease in Other Non Current Assets	-	(31.96)
Net Cash used in Investing activities (B)	(2,320.26)	(1,779.84)
C	CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Long term Borrowings	1,516.79	706.91
Proceeds from Short term Borrowings	35,794.53	25,045.50
Repayment of Long Term Borrowings	(509.19)	(449.07)
Repayment of Short Term Borrowings	(36,458.24)	(24,794.32)
Interest paid	(267.16)	(249.88)
Increase in Long term Liabilities	-	918.04
Share Issue Expenses		-
Net Cash from financing activities (C)	76.73	1,177.18
Net increase in cash & Cash Equivalents (A+B+C)	427.02	13.81
Opening Cash and Cash equivalents	153.84	140.03
Closing Cash and Cash equivalents	580.85	153.84



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Cash & Cash Equivalents	As on	
	31.03.2021	31.03.2020
Cash in Hand	26.15	18.69
Cash at Bank	554.70	135.15
Cash & Cash equivalents as stated in Financial Statements	580.85	153.84

For and on behalf of the Board of Directors

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

Sd/-

CA Gaurav Aggarwal
(Partner)
Membership No. 098347

Place : Amritsar

Date : 30/06/2021

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 31st March, 2021****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**i) 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, 2021.

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
		2020-21	2019-20	
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 2021 (Rs. In Lakhs)	As at 31st March 2020 (Rs. In Lakhs)
i Contingent Liabilities		
Corporate Guarantee given on behalf of related parties	Nil	Nil
Disputed Demands by Income Tax Authorities	As per Note Below*	
Guarantees given by bankers against Government tenders	59.20	126.83

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.

* ACIT Circle IV – Amritsar vide an order U/s 143(3) of the Income Tax Act 1961 dated 28-09-2016 made certain additions and computed the total income of the Assessee company at Rs 4,04,00,070/- against the total income declared by the company at Rs 88,99,070/- for the Assessment year 2012-2013. The assessee company went in appeal against this order of the assessing officer with CIT (Appeals) Amritsar. CIT(Appeals) vide its order u/s 250(6) dated 26/10/2016 partly deleted additions amounting to Rs 2,00,00,000/- and confirmed the part additions amounting to Rs 1,15,01,000/-. The assessee Company has filed further appeal to Income Tax Appellate Tribunal on 25/11/2016 vide ITA 587/Asr/2016 for deleting the additions confirmed by the CIT(Appeals). Similarly the Income Tax Department has also filed a parallel appeal against CIT (Appeals) order deleting the additions of Rs 2,00,00,000/- on 05/12/2016 vide ITA 623/Asr/2016.

The Company has settled the litigation with respect to above assessments by opting for Vivad se Vishwas Scheme 2020. The pending tax liability after getting relief under the scheme has been deposited and debited to Income Tax related to earlier year head in the statement of Profit and loss Account.

❖ 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) Fixed Assets (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, 2021.

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 recognised 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 Ka Bagh, Tehsil Nurpur, District Kangra, Jassur, Himachal Pradesh is on also on leased premises. The same premises is owned by



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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. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

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.

**For ARORA AGGARWAL & CO.
Directors**

Chartered Accountants

(Firm Registration No. 021086N)

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

Sd/-

**Gaurav Aggarwal
(Partner)**

Membership Number: **098347**

Place: Amritsar

Date: 30/06/2021

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

**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 = 1.05 INR as on 31.03.2021
4.	Share capital	88,67,500.00
5.	Reserves & surplus	(2,66,12,346.59)
6.	Total assets	3,16,71,681.54
7.	Total Liabilities	4,94,16,528.14
8.	Investments	47,80,656.77
9.	Turnover /Total Revenue	2,41,84,799.56
10.	Profit before taxation	(52,74,161.56)
11.	Provision for taxation	-
12.	Profit after taxation	(52,74,161.56)
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: 30/06/2021

**KWALITY PHARMACEUTICALS LIMITED**

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

No.- L24232PB1983PLC005426; Phone no. :-8558820862

Email Id:-ramesh@kwalitiypharma.com; Website :- 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 **38th Annual General Meeting** of the company, to be held on **Thursday 30th September, 2021** 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 st March, 2021 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 st March, 2021 and the Report of the Auditors thereon.		
2.	Re-appointment of Mr. Ramesh Arora, Managing Director who retires by Rotation and being eligible, offers himself for re-appointment		
3	Re-appointment of Mr. Aditya Arora, Whole Time Director who retires by Rotation and being eligible, offers himself for re-appointment		
4.	Appointment of Mr. Kartik Kapur, as an Independent Director of the Company		
5.	Re-appointment of Mr. Ramesh Arora, as the Managing director and Revision of his Remuneration.		
6.	Re-appointment of Mr. Ajay Kumar Arora, as the Whole Time Director and Revision of his Remuneration.		



7.	Re-appointment of Mrs. Geeta Arora, as the Whole Time Director and Revision of her Remuneration.		
8.	Re-appointment of Mrs. Anju Arora, as the Whole Time Director and Revision of her Remuneration		
9.	Re-appointment of Mr. Aditya Arora, as the Whole Time Director and Revision of his Remuneration.		
10.	Re-appointment of Mr. Pankaj Takkar, as an Independent Director.		
11.	Re-appointment of Mr. Ravi Shanker Singh, as an Independent Director.		
12.	Re-appointment of Mr. Kiran Kumar Verma , as an Independent Director		
13.	Ratification of Cost Auditors Remuneration		

Signed this _____ day of _____ 2021.

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; Website :- www.kwalitiypharma.com

ATTENDANCE SLIP

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

38th Annual General Meeting to be held on Thursday 30th September, 2021.

Name and Address of the Sole/ First member

(In block capitals)

DP ID No.:-

Ledger Folio No./Client ID No. _____

No. of shares held: _____

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 38th Annual General Meeting of the **KWALITY PHARMACEUTICALS LIMITED** to be held on Thursday 30th September, 2021 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