



KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

(A Government of India Enterprise)

2021-22

47387

(Rs. in Lakhs)

2020-21

42616

(Rs. in Lakhs)

2019-20

43215

(Rs. in Lakhs)

41st

Annual Report
2021-22



←
Shri Sunil Kumar Kaimal,
Managing Director addressing the HODs
during the visit of
Ms. S. Aparna, IAS, Secretary, DOP
on 11.02.2022



→
Ms. S. Aparna, IAS, Secretary (second
from right) is looking into the Product
Display at factory during her visit on
11.02.2022. Shri Sunil Kumar Kaimal
(first from left) is seen along with
other Senior Officers.



←
Ms. S. Aparna, IAS, Secretary
(second from left) in Production Unit
along with Shri Sunil Kumar Kaimal,
Managing Director and Sr. Officers
during her visit on 11.02.2022



Shri T.K. Anil Kumar, IAS



Dr. M.R. Ravi, IAS



Shri Sunil Kumar Kaimal



Shri Krishna Kumar Pilli, ITS



Shri B.T. Khanapure



Dr. Madhuchanda Kar



BOARD OF DIRECTORS (AS ON 02.12.2022)

Shri Anil Kumar T.K., IAS

Chairman – KAPL and Principal Secretary, Health & Family Welfare Dept. Government of Karnataka, Vikas Soudha
Bengaluru – 560 001
From: 25.10.2021

Shri B T Khanapure

Drugs Controller
For the State of Karnataka
Palace Road, Bengaluru – 560 001
From: 10.01.2020

Shri Sunil Kumar Kaimal

Managing Director, Karnataka Antibiotics and Pharmaceuticals Limited, Arka the Business Centre, No. 37, NTT Main Road, 2nd Phase, Peenya Industrial Area, Bengaluru-560058
From : 01.08.2019

Dr. Madhuchanda Kar

Independent Director
DB-106, Saltlake, Sector-1, Bidhannagar(M) North-24
Paragnar, Kolkata-700 064
From: 07.02.2022

Dr. M R Ravi, IAS

Managing Director, Karnataka State Industrial and Infrastructure Development Corporation Ltd., Khanija Bhavan, 4th Floor, East Wing, 49, Race Course Road, Bengaluru – 560 001
From: 31.03.2022

Shri K P Mohan Raj, IAS

Managing Director, Karnataka State Industrial and Infrastructure Development Corporation Ltd., Khanija Bhavan, 4th Floor, East Wing, 49, Race Course Road, Bengaluru – 01
Upto: 31.03.2022

Shri Krishna Kumar Pilli, ITS

Director, Department of Pharmaceuticals
Ministry of Chemical & Fertilizers, Shastri Bhavan
New Delhi
From: 24.01.2022

Shri Sumit Garg

Deputy Secretary, Department of Pharmaceuticals
Ministry of Chemicals & Fertilizers, Government of India
Udyog Bhawan, New Delhi – 110 001
Upto:24.01.2022

Dr. Ram Prasath Manohar, IAS

Managing Director, Karnataka State Industrial and Infrastructure Development Corporation Ltd., Khanija Bhavan, 4th Floor, East Wing, 49, Race Course Road, Bengaluru – 560 001
Upto: 09.12.2021

SUPRIYA KULKARNI

Company Secretary & Asst. General Manager (Admn.)

STATUTORY AUDITORS

Yoganandh & Ram LLP
Workafella
150/1, Infantry Road
Opp to Commissioner office
Vasant Nagar, Bengaluru - 560 001.

BANKERS

Bank of Baroda
(Vijaya Bank)
Mayo Hall Branch &
West of Chord Road Branch
Bengaluru - 560 001

INTERNAL AUDITORS

M/s. MNS & CO.,
Chartered Accountants
No. 3901/C, Unity Paradise
Ground Floor I, 13th 'A' Cross
Banashankari 2nd Stage, Bengaluru - 560 070

STATE BANK OF INDIA

Industrial Finance
Residency Road
Bengaluru – 560 025

REGISTERED & CORPORATE OFFICE

ARKA The Business Centre, No. 37, NTT Main Road, 2nd Phase
Peenya Industrial Area, Bengaluru - 560 058. Website: www.kapindia.com

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NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING

KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED

(A Government of India Enterprise)

CIN: U24231KA1981GOI004145

Registered office: Arka the Business Centre, No. 37, NTT Main Road

2nd Phase, Peenya Industrial Area, Bengaluru – 560 058

Tel No – 080 23571590 website: www.kaplindia.com

ADJOURNED AGM NOTICE

Notice of the adjourned **Forty First Annual General Meeting** of the Members of the Company will be held on Friday the 02nd December 2022 at 1200 Hours through Video Conferencing(VC)/Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022, together with the Reports of the Board of Directors and Auditors thereon
2. To declare dividend.
3. To authorize the Board of Directors for fixing the remuneration of Statutory Auditor as appointment by the Comptroller and Auditor General of India for the financial year 2022-23.

SPECIAL BUSINESS

4. Payment of Remuneration to Cost Auditors for Financial Year 2022-23

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 the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the payment of the remuneration of Rs.60,500/- (Sixty thousand five hundred only) plus applicable Tax, payable to M/s. JH Associates, Firm Regn. No. (FRM) 000279 who have been appointed as “Cost Auditors” to conduct the audit of Cost Records maintained by the Company for Financial Year ending March 31, 2023 be and is hereby ratified and approved.”

By Order of the Board of Directors

(SUPRIYA KULKARNI)

Company Secretary & DGM (Admn)

Place : Bangalore

Date : 09.11.2022

To:

Members

Note:

1. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, latest being 2/2022 dated 5th May 2022 (collectively “MCA Circulars”) has permitted holding of the Annual General Meeting ('AGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In conformity with the regulatory provisions and the Circulars issued by the Ministry of Corporate Affairs, Government of India, the 41st Annual

General Meeting of the Company is being held through VC. Since this AGM is being held through VC facility, (hereinafter called as 'e-AGM') physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM hence the Proxy Form and Attendance Slip are not annexed to this Notice.

2. The deemed venue for forty first e-AGM shall be the Registered Office of the Company.
3. Members can attend the meeting through log in credentials provided to them to connect to VC.
4. As per Section 139(5) of the Companies Act 2013, Statutory Auditor is appointed by Comptroller and Auditor General of India for the Financial Year 2022-23.

STATEMENT IN PURSUANCE OF SECTION 102(1) OF THE COMPANIES ACT, 2013

Statement with respect to Item no 4, under Special Business covered in the Notice of Meeting is given below:

4. Payment of Remuneration to Cost Auditors for Financial Year 2022-23.

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. JH Associates, with a remuneration of Rs.60,500/- (Sixty thousand five hundred only) plus applicable Tax as, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the Members of the Company.

Accordingly, approval of the members is requested for passing an Ordinary Resolution as set out at item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors.

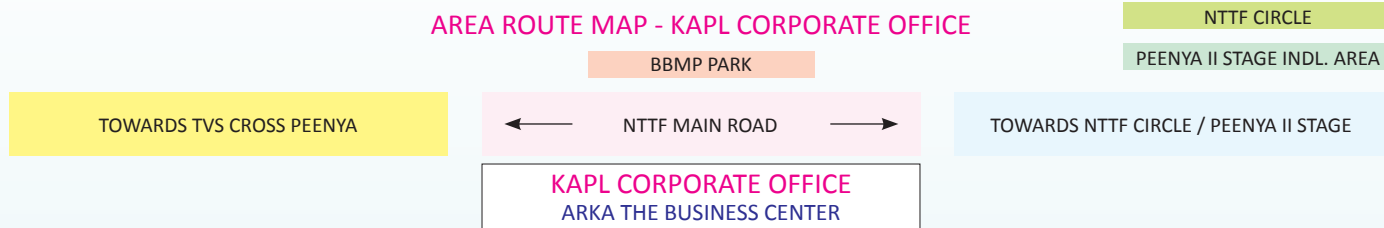
None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 4 of the Notice. The Board recommends the Ordinary Resolution as set out at item No. 4 for approval by the Members.

By Order of the Board of Directors

Place : Bangalore
Date : 09.11.2022

(SUPRIYA KULKARNI)
Company Secretary & DGM (Admn)

AREA ROUTE MAP - KAPL CORPORATE OFFICE



VISION

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

MISSION

1. TO HAVE MANUFACTURING FACILITIES COMPLYING WITH INTERNATIONAL STANDARDS.
2. TO STRENGTH THE MARKETING EFFORTS TO ACHIEVE 15% GROWTH IN EXPORTS AND PRIVATE TRADE MARKET EVERY YEAR.
3. TO CONTINUOUSLY IMPROVE THE QUALITY OF PRODUCTS AND SERVICES TO ENHANCE CUSTOMER SATISFACTION.
4. TO DEVELOP HIGHLY MOTIVATED MULTI SKILLED HUMAN RESOURCES TO INCREASE PRODUCTIVITY AND EFFICIENCY.

SPEECH DELIVERED BY CHAIRMAN AT THE 41st ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BENGALURU ON 02.12.2022.

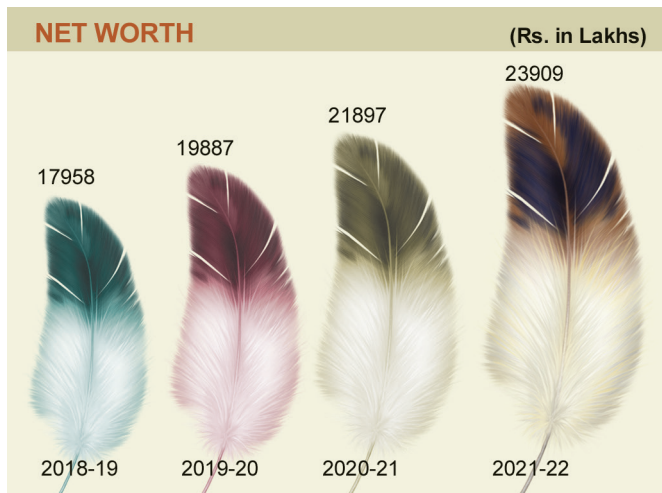
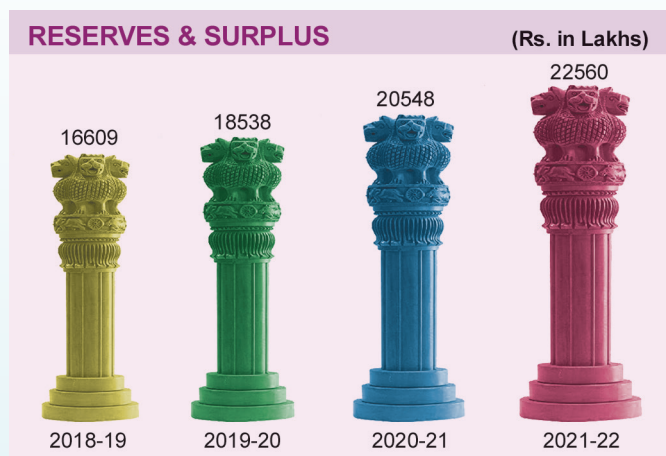
1. On behalf of the Board of Directors and on my personal behalf, I take pleasure in extending a warm welcome to each one of you to the Annual General Meeting of your company.
2. The Sales performance of your Company in Financial Year 2021-22 is Rs. 473.87 crores. The Directors' Report and accounts of the company for the year ended 31st March 2022 have already been provided to all the share-holders, and with permission of all present here, I shall consider them as read.



Hindi Work Shop was conducted during Hindi Pakhwada Celebration at Corp. Office on 13.09.2022

3. MACRO ECONOMIC SETTING

During the year 2021-22, the India Economy witnessed GDP rate at 26.7% as compared to last year 32.4%.



4. OPERATIONAL PERFORMANCE

Your Company achieved production value of Rs. 47976 (previous year Rs. 43464 lakhs). The Company achieved sales turnover of Rs. 47387 (previous year Rs. 42616 lakhs).

5. FINANCIAL RESULTS

Your Company has achieved a Profit Before Tax of Rs. 3252 (previous year Rs. 3074 lakhs) and Profit After Tax of Rs. 2466 (previous year Rs. 2318 lakhs). The Book Value per share (Face Value of Rs. 100/-) is Rs.1772 (previous year Rs. 1623/-). The Earning per share is Rs. 183/- on a Face Value of Rs. 100/-

6. DIVIDEND

As you are aware KAPL is the only Pharmaceuticals Company in the Central Drug Sector to consistently declare dividend for the past 31 years. For the year 2021-22, Directors have recommended a dividend of 30%.

7. CORPORATE SOCIAL RESPONSIBILITY

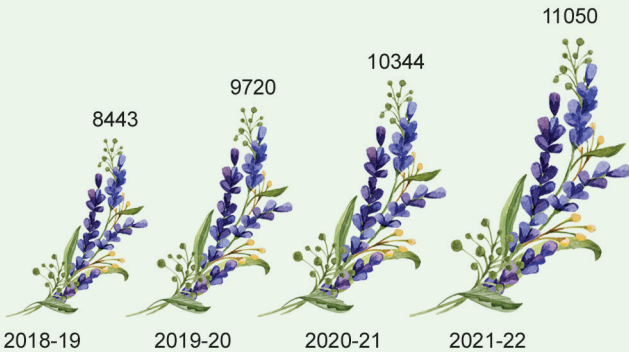
Corporate Social Responsibility (CSR) is an integral part of Corporate Business Strategy of the Company. Health and Education related activities were carried out as CSR activities in 2021-22.

8. CORPORATE GOVERNANCE

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

GROSS BLOCK

(Rs. in Lakhs)

**9. ACKNOWLEDGEMENT**

- 9.1 At the outset, I place on record my sincere thanks to various departments of Government of India, Government of Karnataka and other State Governments for the constant support, guidance and counsel.
- 9.2 My deep gratitude is due to your valued customers for their trust in the Company.
- 9.3 On behalf of the Board as well as my Personal behalf, I thank all the employees and the management for having helped the Company to reach the results.

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

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

10. I now commend the Balance Sheet as on 31.03.2022, Profit and Loss Statement for the year ended on that date and the Directors' Report for the adoption.

Place : Bengaluru

Date : 02.12.2022

Chairman



Training Programme held
at Factory Training Centre for Non-Officers



International Yoga Day conducted at KAPL Plant

DIRECTOR'S REPORT

To

The Shareholders
Karnataka Antibiotics and Pharmaceuticals Limited

Ladies/Gentlemen,

We are delighted to present our Report on behalf of the Board, on the business and operations of the Company for the year ended 31st March 2022.

1. HIGHLIGHTS

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

Table - I

| PERFORMANCE HIGHLIGHTS | | | | |
|------------------------|--|-----------|-----------|-----------|
| Rs. In Lakhs | | | | |
| Sl. No. | Particulars | 2019-2020 | 2020-2021 | 2021-2022 |
| 1. | Production* | 48957 | 43464 | 47976 |
| 2. | Sales | 43215 | 42616 | 47387 |
| 3. | Exports (included in Sl. No.2 above) | 2682 | 2917 | 2459 |
| 4. | Profit before Tax | 3151 | 3074 | 3252 |
| 5. | Profit after Tax | 2299 | 2318 | 2466 |
| 6. | Reserves and Surplus | 18538 | 20548 | 22560 |
| 7. | Paid Up Share Capital | 1349 | 1349 | 1349 |
| 8. | Dividend (%) | 28 | 30 | 30 |
| 9. | Earning per Share (Rs) (Face value Rs 100/-) | 170 | 172 | 183 |
| 10. | Book value of the Share (Rs) (Face value Rs 100/-) | 1474 | 1623 | 1772 |

* includes the value of Contract manufacturing

2. SHARE CAPITAL

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

3. FINANCE

Your Company has been sanctioned Rs. 1500 lakhs towards term loan for Oral Solid Dosage (New NP) Project by Bank of Baroda out of which Rs. 1124 lakhs has been repaid and balance is Rs. 376 lakhs as on 31.03.2022.

As on 31.03.2022, the borrowing from Banks for working capital requirements was Rs. Nil lakhs (Previous year Rs. Nil Lakhs). The interest burden for the year was at Rs. Nil lakhs (previous year Rs. 4 lakhs).

4. PRODUCTION

Your Company achieved the production value of Rs. 47976 lakhs (previous year Rs. 43464 lakhs). The annual production value per factory employee per annum was Rs. 270 lakhs (previous year Rs 230 lakhs).

5. CAPACITY UTILISATION

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

Table – II

| CAPACITY UTILISATION | | | | |
|----------------------|--------------------|-----------|-----------|-----------|
| (in %) | | | | |
| Sl. No. | Particulars | 2019-2020 | 2020-2021 | 2021-2022 |
| 1 | Liquid Parenterals | 149 | 137 | 89 |
| 2 | Vials | 79 | 78 | 78 |
| 3 | Tablets | 138 | 113 | 122 |
| 4 | Capsules | 270 | 196 | 216 |



6. SALES TURNOVER

Company achieved a sales turnover of Rs. 47387 Lakhs as against Rs. 42616 lakhs achieved during 2020-21. For the financial year 2021-22 Company has proposed Rs. 51000 Lakhs turnover.

With respect to the performance in Branded and Generic segments, during 2021-22, your Company's sales under the Brand **"Grenil"** achieved Rs.1246 lakhs compared to previous year Rs. 1015 lakhs. Sales Turnover of **"Cyfolac"** group achieved Rs. 470 lakhs as against Rs. 347 lakhs in the previous year. The sales turnover of **"Kaptocin"** achieved Rs. 302 Lakhs. The sales of **"Remcc"** brands achieved sales of Rs. 299 lakhs compared to sales of Rs. 157 lakhs in the previous year. Sales turnover of **"Verclav"** has touched to Rs. 239 lakhs as against 168 lakhs. Aslo the sales turnover of **"Pop-e"** has achieved Rs. 220 lakhs. Sales turnover of **"Zinfe"** Group has touched to Rs. 207 lakhs as against Rs.171 lakhs. **"Cefpar"** has achieved Rs.162 lakhs compared to sales of Rs.100 lakhs in the previous year. **"Numol"** group has achieved Rs.163 lakhs compared to sales of Rs.146 lakhs in the previous year. Agrovat Products **"Pensbiotic"** has achieved Rs. 378 lakhs compared to previous year sales of Rs. 407 lakhs. **"Kalvimin"** has achieved Rs. 349 lakhs compared to previous year sales of Rs. 387 lakhs. **"K Live"** has achieved Rs. 299 lakhs as against Rs. 301 lakhs in the previous year **"K Cythrin"** has achieved Rs. 266 lakhs compared to previous year sales of Rs. 271 lakhs. **"Cetriax"** has achieved turnover of Rs. 254 lakhs compared to sales of Rs. 232 lakhs in the previous year and **"Cal K"** has achieved Rs. 233 lakhs as against Rs. 266 lakhs during previous year. **"Gentabiotic"** has achieved Rs. 206 lakhs compared to previous year sales of Rs. 227 lakhs. Turnover of **Pipmax**, **Verpenem** and **Apifeast** under Pharma and **Fluvet**, **K-Flox**, **Taspin**, **Fenzole** and **Kalbend** under Agrovat has exceeded Rs. 100 lakhs each.

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

Table III

| SALES TURNOVER | | Rs. in Lakhs | | |
|----------------|----------------------------|--------------|--------------|--------------|
| Sl. No. | Particulars | 2019-2020 | 2020-2021 | 2021-2022 |
| 1 | Liquid Parenterals | 6689 | 5542 | 3948 |
| 2 | Liquid Orals and Dry Syrup | 2035 | 1323 | 1212 |
| 3 | Vials | 9727 | 8584 | 12450 |
| 4 | Tablets | 14148 | 14154 | 15409 |
| 5 | Capsules | 3560 | 2138 | 2685 |
| 6 | Others | 7056 | 10875 | 11683 |
| | Total | 43215 | 42616 | 47387 |

7. NEW PRODUCTS

The Company introduced the following products:

I. Pharma:

- RemCC LM Syrup 60ml - Cough & Cold
- Kaplicon Cream 30gm - Anti-Fungal

II. Agrovat:

- Taspin SP
- K Live Pet
- Kapoxure pet Shampoo
- Mite-Out pet Shampoo
- Fensole Pet (wormer tablets)

III. Ayurveda

- Gomilk Plus 100's tab
- Ekbolic Plus 500ml and 1000ml
- Bloatguard Plus 100ml
- Suruchi Plus Bolus
- Suruchi Plus 100 gm and 500 gm powder

8. EXPORTS

Your Company achieved an export turnover of Rs. 2458.57 lakhs. Exports were made to 12 countries such as Malaysia, Thailand, Phillipines, Namibia, Uganda, Myanmar, Costa Rica, Zimbabwe, Hong Kong, Zambia, Bhutan, Sudan and Company has planned to export the medicines to additional Countries, such as Brazil, Peru, Slovakia and South Africa.

9. FINANCIAL RESULTS:

The summarized financial results for the year 2021-22 are furnished below in Table – IV:

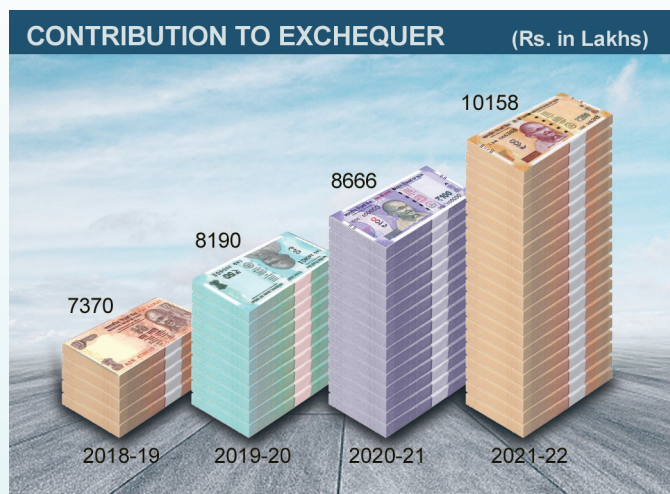


Table – IV

| FINANCIAL RESULTS | | (Rs. in Lakhs) | | |
|---|-----------|----------------|-----------|--|
| Particulars | 2019-2020 | 2020-2021 | 2021-2022 | |
| Profit before interest, depreciation and tax: | 4004 | 3903 | 4119 | |
| Less : Interest & other financial charges | 136 | 90 | 107 | |
| Cash Profit | 3868 | 3813 | 4012 | |
| Less : Depreciation | 717 | 739 | 760 | |
| Profit before tax | 3151 | 3074 | 3252 | |
| Less : Provision for taxation | 852 | 756 | 786 | |
| Profit after tax and adjustment | 2299 | 2318 | 2466 | |

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

Table – V

| KEY RATIOS | | 2019-2020 | 2020-2021 | 2021-2022 |
|--|--|-----------|-----------|-----------|
| Particulars | | | | |
| Earning per Share-Rs. (face value Rs 100/-) | | 170 | 172 | 183 |
| Book value per share – Rs. (face value Rs 100/-) | | 1474 | 1623 | 1772 |
| Turnover to gross Fixed assets (%) | | 455 | 412 | 429 |
| Finance cost to turnover (%) | | 0.31 | 0.21 | 0.23 |

11. DIVIDEND

Your Company has been declaring dividend for the last 30 years. For the financial year 2021-22, your Directors have pleasure in recommending a dividend @ 30% on the Paid up Capital of Company.

12. RESERVES & SURPLUS

Your Directors propose to transfer Rs. 2000 lakhs to the General Reserves. You will be glad to note that, the cumulative reserves and surplus as on 31.03.2022 were Rs. 22560 lakhs. The reserves and surplus were 16.72 times of the paid up equity capital of Rs. 1349 lakhs. As on 31.03.2022, the net worth of your Company stood at Rs. 23909 lakhs.

13. INVENTORIES AND DEBTORS

The value of total inventories consisting of raw materials, Work in Progress and Finished Goods were Rs. 8240 lakhs which worked out to 17.39 % (previous



Ms. S. Aparna, IAS, Secretary, DOP's Visit to Production Facility during her visit on 11.02.2022

year 14.78%) of sales turnover. As on 31.03.2022, debtors were Rs. 14839 lakhs which was equivalent to 114 days of sales.

14. PERFORMANCE AGAINST MEMORANDUM OF UNDERSTANDING:

The Company signs a Memorandum of Understanding (MoU) every year. The Company's performance under the MoU, for the year 2021-22, based on internal evaluation, is "Good".

15. CONTRIBUTION TO PUBLIC EXCHEQUER

Your Company has contributed a sum of Rs. 10158 lakhs (previous year Rs. 8666 lakhs) to the exchequer of Central and State Governments by way of Income Tax, Customs Duty, GST etc.

16. ENCOURAGEMENT TO MICRO, SMALL ENTERPRISES

Government of India vide Order No. S.O.581(6) dated 23.03.2012 and S.O. dated 14.11.2018 has notified a Public Procurement Policy for Micro and Small Enterprises. As per the Order, minimum 25% of total annual purchases has to be procured from MSEs including reservation of 20% to units owned by Scheduled Caste /Scheduled Tribe Entrepreneurs. Your Company has procured goods from Micro, Small Enterprises during 2021-22 to the extent of Rs. 4,832 lakhs.

17. FOREIGN TRAVEL:

During the year 2021-22, no employee was deputed abroad for business purposes. Hence the expenditure incurred in this connection by the Company was Nil.

18. HUMAN RESOURCES:

The manpower of the Company as on 31.03.2022 was 578 Nos. consisting of 208 Officers and 370 Non Officers. 82 Nos Fixed Terms Contractors (FTC) were appointed, consisting of 28 Nos. Officers and 54 Nos. Non Officers.

19. HUMAN RESOURCE DEVELOPMENT:

Employees are most valuable tangible assets of the Company. We have created a favourable work environment. Investing in people's competencies for the business requirements of tomorrow is very much important. In order to keep pace with the latest changing scenario and the need to update the knowledge and skills of human resources to stay ahead and emerge as a successful organization, the Company has taken various initiatives.

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

During 2021-22, training was provided to the extent of 188 mandays. The expenditure incurred for Training and Development during the year amounted to Rs. 2.41 lakhs.

20. REPRESENTATION OF SC & ST CANDIDATES

The strength of employees belonging to SC/ST category, as on 31.03.2022 was 86 Nos (previous year 89 Nos.)



An Informative Training was given to all Lady Employees of KAPL regarding POSH.

21. REPRESENTATION OF MINORITIES AND PERSONS WITH DISABILITY

The strength of employees belonging to Minorities category as on 31.03.2022 was 23 Nos (previous year 28 Nos.).

The strength of employees belonging to persons with Disability category as on 31.03.2022 is 06 Nos. (previous year 6 Nos.)

22. HUMAN RELATIONS:

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

23. EMPLOYEE WELFARE

The Company continues various welfare facilities to its employees. The expenditure on the provision of welfare and other amenities during the year amounted to Rs. 861 lakhs (Rs. 826 lakhs during 2020-21).

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

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

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

No. of complaints received : Nil
No. of complaints disposed off : NA

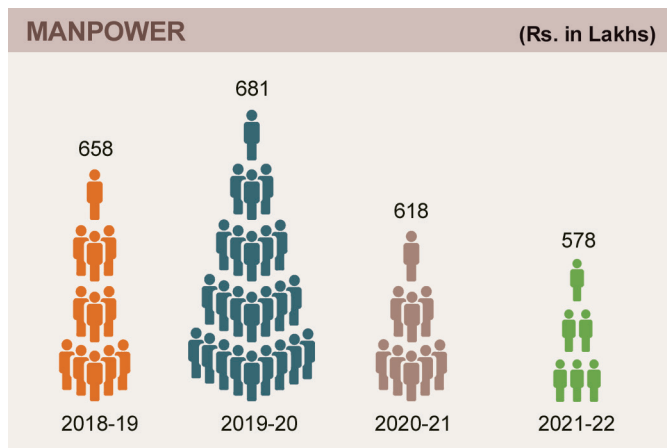
25. EXTRACT OF ANNUAL RETURN

The Annual Return of the Company as on March 31, 2022 is available on the Company's Website and can be accessed at the following link.

<http://www.kapindia.com/wp-content/uploads/2022/09/FORM MGT 7.pdf>

26. BOARD MEETINGS

During the year 2021-22, four Board Meetings were held on 26.10.2021, 29.12.2021, 17.01.2022 and 24.03.2022.



27. APPOINTMENT OF DIRECTORS

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

INDEPENDENT DIRECTOR:

As per provisions of Memorandum and Articles of Association of Company, an Independent Director is appointed by Government of India.

28. RISK MANAGEMENT POLICY:

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

29. VIGILANCE:

Transparency, fairness and objectivity form the basis of all decision making processes for the Company.

The Chief Vigilance Officer has been appointed by Government of India, New Delhi.

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

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

31. RESPONSIBILITY STATEMENT OF BOARD OF DIRECTORS

To the best of their knowledge and belief and according to the information and explanations obtained by them

from respective HODs and auditors, your Directors make the following statement in terms of Section 134(3) (c) of the Companies Act, 2013 :

- 31.1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 31.2. That such accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2022 and the profit and loss of the Company for that period.
- 31.3. That proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 31.4. That the annual accounts for the year ended 31st March 2022 have been prepared on a going concern basis.
- 31.5. That the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- 31.6. That proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



Tree Planting by Managing Director Shri Sunil Kumar Kaimal on the occasion of World Environment Day

32. In terms of Notification No: GSR/E dated 05.06.2013, issued by Ministry of Corporate Affairs, the Government Companies are exempted from the provisions of Section 164(2) of the Companies Act, 2013.

33. SAFETY

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

34. ENVIRONMENT PROTECTION AND SUSTAINABILITY MEASURES

The following steps have been taken for the environment protection and sustainability.

Landscaping and Lawn preparation and maintenance of Garden at factory.

35. FIXED DEPOSITS

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

36. ENTERTAINMENT AND PUBLICITY

During the year under review, the Company has incurred Rs. 11 lakhs on entertainment and Rs. 28 lakhs on advertisement and publicity.

37. CHANGES IN THE BOARD

37.1 The Board welcomed the appointment of the following new Directors on the Board.

| Sl.No. | Name | Wef |
|--------|-------------------------------|------------|
| 01 | Shri Anil Kumar T.K., IAS | 25.10.2021 |
| 02 | Shri K P MohanRaj, IAS | 09.12.2021 |
| 03 | Shri Krishna Kumar Pilli, ITS | 24.01.2022 |
| 04 | Dr M R Ravi, IAS | 31.03.2022 |
| 05 | Dr. Madhuchanda Kar | 07.02.2022 |

37.2. The following ceased to be the Directors on the Board with effect from date shown against the name.

| Sl.No. | Name | Wef |
|--------|--------------------------------|------------|
| 01 | Shri Jawaid Akhtar, IAS | 25.10.2021 |
| 02 | Dr. V Ram Prasath Manohar, IAS | 09.12.2021 |
| 03 | Shri Sumit Garg | 24.01.2022 |
| 04 | Shri K P Mohan Raj, IAS | 31.03.2022 |

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

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

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

39. RELATED PARTY TRANSACTIONS

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

40. KEY MANAGERIAL PERSONNEL (KMP)

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

AVERAGE SALES PER EMPLOYEE (Rs. in Lakhs)



41. ENERGY CONSERVATION MEASURES:

Following steps have been taken in this direction:

Bangalore Plant:

- 1) 125 Nos. LED lamps 2 X 18 watts replaced with compact fluorescent lamps of 2 X 18 watts in SVP Section.
- 2) We are in process of implementing Energy Management of 50001:2018 standards in our Plant.

42. ANNUAL GENERAL MEETING

The 40th Annual General Meeting of the Company was held on Monday the 17th January 2022.

43. OFFICIAL LANGUAGE

During the year under review, efforts were made for effective and successful implementation of the Official Language Policy of the Government. Workshops, essay writing competitions were held. Forms and Circulars, Notices have been made bilingual. Annual Report of the Company for 2020-21 has been printed in Hindi also.

44. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT:

Corporate Social Responsibility (CSR) is an integral part of the Company's business strategy. As a responsible corporate citizen, we take charge of our social and environmental footprint. The Board of Directors have approved CSR Policy to the Company. Board's CSR Committee has been re-constituted under Chairmanship of Independent Director, Managing Director, KAPL and Drugs Controller of Karnataka are other members. The activities covered under CSR is annexed at Annexure – B.

45. AUDITORS

The Comptroller & Auditor General of India, appointed M/s. Yoganand & RAM LLP Chartered Accountants, as Statutory Auditors for auditing the accounts of the Company for the year 2021-22.

46. COST AUDITOR

M/s. J H and Associates were appointed as Cost Auditor for 2021-22. The Cost Audit Report in respect of Cost Accounts of the formulations of the Company

for the year ended 31.03.2022 will be filed to Govt. of India in due course.

47. SECRETARIAL AUDITOR

Company has appointed Shri K N Nagesha Rao, Company Secretary in practice as Secretarial Auditor for the year. The Secretarial Audit Report is enclosed.

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

Comments under section 143(6) of the Companies Act, 2013, of the Comptroller and Auditor General of India on the accounts of the Company, for the year ended 31.03.2022 will be enclosed once it is received.

49. COMPUTERIZATION ACTIVITIES:

During 2021-22, the following activities were undertaken;

- Two databases of ERP migrated to Sybase Ver., 16.0 on a Single SUN Server.
- Relocation of IT System and Services to New Corporate Office with GBPS LAN.
- Mounted all 11 Servers to the Rack for better space management at Server Room.
- Returnable and Non-Returnable Gate Pass Entry computerization done and integrated with Whatsapp message.
- Implemented Campus Wifi at DPP1 and DPP3 Buildings at factory.

50. MANAGEMENT'S DISCUSSION & ANALYSIS REPORT:

Management's Discussion & Analysis Report for the year under review is presented in separate section forming the part of Annual Report as Annexure – C.

51. GENERAL:

- No Significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There has been no change in the nature of business of the Company.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one-time settlement with any Bank or Financial Institution.

EARNING PER SHARE

(Rs. in Lakhs)



52. ACKNOWLEDGEMENTS

- 52.1 Your Directors place on record their gratitude to Government of India, particularly Department of Pharmaceuticals and other Departments of Government of India and Government of Karnataka, particularly Health and Family Welfare Department including Drugs Controller, Commissioner of Health & Family Welfare Services, Additional Director, Karnataka State Drug Logistics & Warehousing Society, Karnataka State Industrial and Infrastructure Development Corporation Limited for their active support and co-operation.
- 52.2 The Board is grateful to the Comptroller and Auditor General of India and Director General of Commercial Audit and Ex-Officio Member Audit Board, M/s. Yoganand & Ram LLP, Chartered Accountants, the Statutory Auditors, M/s. MNS & Co., the Internal Auditors, M/s. J H and Associates, Cost Auditor,



Training Programme held
at Factory Training Centre for Non-Officers

Shri K N Nagesha Rao, Secretarial Auditor, Central as well as Karnataka Pollution Control Boards and others.

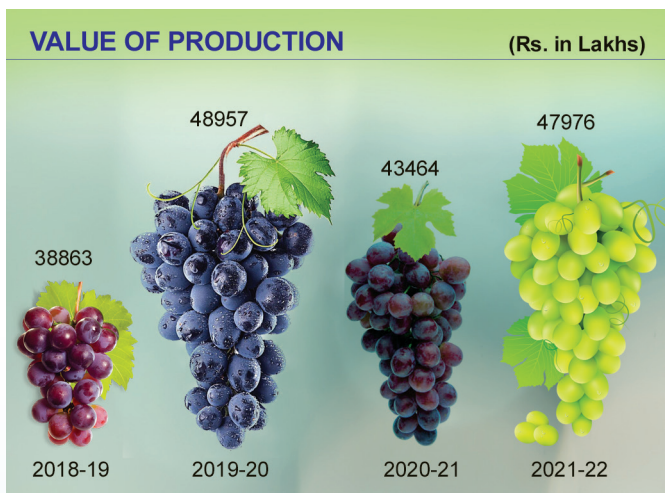
- 52.3 The Board extends thanks to M/s Bank of Baroda, State Bank of India, ICICI Bank Ltd., and Union Bank of India for their support.
- 52.4 The Directors are thankful to the valued customers and suppliers in India and outside India for their support and confidence. We look forward to the continued support in future.
- 52.5 Your Directors place on record its appreciation for the dedicated work put forth by the employees at all levels without which the results arrived would not have been possible.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 21.07.2022

(B.T. Khanapure)
Director

(Sunil Kumar Kaimal)
Managing Director



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

1. CONSERVATION OF ENERGY

Following steps have been taken in this direction:

POWER AND FUEL CONSUMPTION

| PARTICULARS | Current Year | Previous Year |
|--|--------------|---------------|
| Electricity | | |
| a. Purchase (units) | 8112120 | 7431290 |
| Total amount (Rs) | 72478800 | 66492952 |
| Rate / Unit (Rs) | 8.93 | 8.95 |
| b. Own generation | | |
| i. Through diesel generator Units | 178496 | 148474 |
| Quantity of Diesel used in Ltrs. | 72000 | 24000 |
| Diesel cost (Rs) | 5557938 | 1402478 |
| Unit per litre of diesel oil | 2.48 | 6.19 |
| Cost / Unit (Rs) | 31.14 | 9.45 |
| ii. Coal | | |
| Quantity (Tonnes) | - | - |
| Total Cost (Rs) | - | - |
| Average rate (Rs) | - | - |
| iii. Furnace Oil (April-2021 To Dec-2021) | | |
| Quantity (litres) | 186500 | 306603 |
| Total Cost (Rs) | 7405862 | 8577535 |
| Average rate(Rs) | 39.71 | 27.98 |
| iv. Others / Internal Generation | | |
| Quantity | 174737 | 197143 |
| Total Cost (Rs) | 972413 | 1097101 |
| Rate / Unit (Rs) | 5.57 | 5.57 |
| c. Piped Natural Gas (Oct - 2021 to April - 2022) | | |
| Consumed Quantity in MMBTU | 331499 | - |
| Total cost(Rs) | 7147260 | - |
| Cost/Unit(Rs) | 21.56 | - |

CONSUMPTION, PER LAKH OF PRODUCTION VALUE:

| Particulars | Current Year | Previous year |
|---------------------|--------------|---------------|
| Electricity: | | |
| Rupees | 1511 | 1556 |
| Units | 169 | 178 |
| Furnace Oil: | | |
| Rupees | 303 | 197 |
| Units | 10.80 | 7.05 |

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

Strategic Alliance with premier research institutions for R&D activities is under consideration. The Company has not manufactured any Bulk drug. However, your Company is developing new formulations, year after year, in order to meet the competition.

3. TOTAL FOREIGN EXCHANGE USED AND EARNED

Rs in Lakhs

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| TOTAL FOREIGN EXCHANGE USED AND EARNED | | |
| On imports of raw material spare parts and capital goods | - | 8.00 |
| Expenditure in foreign currencies for business travels subscription, consumable stores, goods for resale, commission on export sale, etc. | 67.48 | 29.00 |
| Remittance during the year in foreign currency on account of dividend | - | - |
| TOTAL FOREIGN EXCHANGE EARNED (FOB Value) | 2128 | 2814 |

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 21.07.20222

(B T Khanapure)
Director

(Sunil Kumar Kaimal)
Managing Director

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

- a) As on 31st March 2022, the Board consisted of 6 Directors, of which one Whole time Managing Director, one part time Non-Executive Chairperson/Chairman, one part-time Non-Executive Director from the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers and two Non-Executive Directors from Government of Karnataka and one Independent Director appointed by Government of India.
- b) During the year 2021-22, four Board Meetings were held on 26.10.2021, 29.12.2021, 17.01.2022 and 24.03.2022.

c) Constitution of Board of Directors and related information:

| Name of the Director | Category | No. of Board Meetings with Attendance | Attendance at last AGM | No. of outside Directorships as on 31.03.2022 | No. of outside Board Committee Membership/ Chairmanship as on 31.03.2022 |
|-------------------------------|----------------------|---------------------------------------|------------------------|---|--|
| Shri Anil Kumar T K, IAS | Chairman | 2/4 | Yes | Nil | Nil |
| Shri Sunil Kumar Kaimal | Managing Director | 4/4 | Yes | Nil | Nil |
| Shri Mohan Raj K P, IAS | Non Exe Director | 1/4 | yes | Nil | Nil |
| Shri Krishna Kumar Pilli, ITS | Non Exe Director | 1/4 | Yes | Nil | Nil |
| Shri B T Khanapure | Non Exe Director | 3/4 | Yes | Nil | Nil |
| Dr. Madhuchanda Kar | Independent Director | 1/4 | No | Nil | Nil |

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

d) Code of Conduct:

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

3. Audit Committee:

The Paid up Capital of Company as on date is Rs. 13.49 crores. As per Provisions of Section 177 of the Companies Act, 2013, Audit Committee has been constituted.

4. Disclosures:

i. Remuneration of Directors:

The remuneration payable to Whole-time Managing Director and his terms of service are fixed by the Central Government. The remuneration paid to Managing Director for the financial year 2021-22.

Rs. in lakhs

| Name of the Director | Salary | Benefits | PF Contribution | Perquisites | Total |
|-------------------------|--------|----------|-----------------|-------------|-------|
| Shri Sunil Kumar Kaimal | 37.02 | - | 3.17 | 3.84 | 44.03 |

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

| Sl. No. | Name of the Director | Sitting Fee paid for Board Meeting (Rs.) | Sitting Fee paid for Audit Committee Meeting (Rs.) | Sitting Fee paid for CSR Committee Meeting (Rs.) |
|---------|-------------------------------|--|--|--|
| 01 | Shri Anil Kumar T.K. IAS | 3000.00 | - | - |
| 02 | Shri Krishna Kumar Pilli, ITS | 1000.00 | - | - |
| 03 | Shri K P Mohan Raj, IAS | 1000.00 | | |
| 04 | Shri B T Khanapure | 3000.00 | 1000.00 | - |
| 05 | Dr. Madhuchanda Kar | 15000.00 | - | - |

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

5. Annual General Meetings:

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

| Financial year | Date | Time | Venue |
|----------------|------------|----------|-------------------------|
| 2020-21 | 17.01.2022 | 1145 hrs | Corp. Office, Bangalore |
| 2019-20 | 25.09.2020 | 1230 hrs | Corp. Office, Bangalore |
| 2018-19 | 11.11.2019 | 1630 hrs | Corp. Office, Bangalore |

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

6. Means of Communication:

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

Plant Locations:

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

b) **Address for Correspondence:**

The address of the Regd. Office of the Company is

ARKA THE BUSINESS CENTRE

Plot No. 37, Site No. 34/4, NTT Main Road

Peenya Industrial Area, 2 nd Phase

Bengaluru – 560 058

The Shareholders may send correspondence to the above address.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru

Date: 21.07.2022

(B T Khanapure)

Director

(Sunil Kumar Kaimal)

Managing Director

KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED, BANGALURU.

CSR ACTIVITY FOR THE YEAR 2021-22

| Sl. No. | CSR Project or activity identified | Sector in which the Project is covered | Projects or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs subheads: (1) Direct expenditure on projects or programs (2) Over-heads: | Cumulative expenditure upto the reporting period | Amount spent : Direct or through implementation agency |
|--------------|--|--|---|--|---|--|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | During the Pandemic, distribution of Food Kits to various villages and other health activities | Health and Nutrition | Karnataka | - | 15,00,000 | - | NGO – Rai Estate Educational and Charitable Trust [®] |
| 2 | Free distribution of Medicines | Health | Karnataka | - | 7,39,092 | - | RR College of Pharmacy, Bengaluru |
| 3 | Palliative care for Cancer Patients | Health | Karnataka | - | 4,50,000 | - | Karunashraya (Bangalore Hospice Trust) |
| 4 | Anaemia Chale Jao & Reproductive Health Check UP | Health | Karnataka | - | 10,01,000 | - | NGO – Family Planning Association of India., Bengaluru |
| 5 | Charitable Health Care (Rural and Semi Urban) | Health | Karnataka | - | 15,00,000 | - | NGO, Jeevan Aadhar Medical Foundation, Kalburgi |
| 6 | Orphanage Children Rehabilitation Centre | Health | Karnataka | - | 6,42,000 | - | NGO, Swami Vivekananda Social Service Trust, [®] Bangalore |
| TOTAL | | | | | 58.32 lakhs | | |

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 21.07.2022

(B T Khanapure)
Director

(Sunil Kumar Kaimal)
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS - AN OVERVIEW

PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry is the third largest in the World in terms of volume and tenth largest in terms of value.

The current market size of Indian Pharmaceuticals Industry (including Drugs & Medical Devices) is around US\$ 50 billion. In the last nine years, Indian Pharma Sector has grown steadily by CAGR of 9.43%.

India is the largest provider of generic drugs globally (India is one of the biggest suppliers of low-cost vaccines in the world). Because of low price and high quality, Indian medicines are preferred worldwide, thereby rightly naming the country “the pharmacy of the world”. The Pharmaceutical sector currently contributes around 2% to the country’s GDP.

The Indian Pharma Industry has also played an important role in meeting the challenges for mitigation of the infection in COVID pandemic. The industry worked in close collaboration with the government and academic institutes etc., to quickly develop and refine manufacturing processes which helped to ensure a consistent supply of medicines needed for the management of COVID-19 (eg. Remdesivir, Ivermectin, Hydroxychloroquine, Dexamthasone, Tocilizumab, Favipiravir etc.) Indian Drug supplies throughout the COVID-19 pandemic period have provided relief to over 120 countries for Hydroxychloroquine (HCQ), 20 countries for Paracetamol and about 96 countries for vaccines across the world.

COMPANY:

Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) was incorporated with the basic objective to make available life saving drugs to various Government Hospitals and other institutions.

The Company has manufacturing facilities for Dry Powder injectables, Liquid Injectables, Tablets, Capsules, Dry Syrups and Suspensions. The segment wise performance in detail forms part of the Boards’ Report.

SWOT ANALYSIS

The financial position of the Company is very strong and the Company is utilizing its own internal generated funds for its Working Capital requirements

The Company always believed in the concept of ‘continual improvement’ and growth path and has periodically upgraded its various manufacturing facilities and systems to meet latest Good Manufacturing Standards and kept pace with current technological advancements. Amongst all Pharma PSUs only KAPL has the distinction of WHO GMP approval since its inception.

Company’s facilities are approved by the Ministry of Health of various countries and PICs Malaysia. KAPL products are registered in over 25 countries and at present it is exported to 16 different countries

Company has got wide range of products covering the following product range:

Antibiotics, Anti Hypertensive, Anti Diabetic, Haematinics, Anti Migraine, NSAIDS, General Medicines, Oxytocin Injection, Animal Health Products, Agro Chemical products and Ayurvedic.

Risks and Concerns

Company faces key challenges, which include government-mandated price controls, regulatory changes and intense competitiveness etc.

OUTLOOK

India’s pharmaceutical market growth is expected to be driven by increasing per capita income, rising healthcare awareness, higher incidence of chronic ailments and gradually widening insurance coverage

The Company is focusing on the development of formulations and expansion of the products portfolio, including Ayurvedic Products. Company is continuously registering its additional products, where it is already exporting and exploring the possibility of registering in new countries also for future business generation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company believes that internal control is a necessary prerequisite of governance and has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The comparative figures of last three years performance is as follows:

(Rs in Lakhs)

| Particulars | Value of Production | Sales Turnover | Profit Before Tax | Profit After Tax |
|-------------|---------------------|----------------|-------------------|------------------|
| 2019-20 | 48957 | 43215 | 3151 | 2299 |
| 2020-21 | 43464 | 42616 | 3074 | 2318 |
| 2021-22 | 47976 | 47387 | 3252 | 2466 |

MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.

The Company organizes requisite training to employees from time to time for up gradation of Skills and competencies. Company has cordial Industrial Relations with its employees and since its inception, not a single man hour is lost due to employee unrest or strike. The total manpower as on 31.03.2022 is 578 Nos regular employees and 82 Nos. Fixed Term Contract employees.

ENVIRONMENTAL PROTECTION

As an environmental protection measure, Company has been planting trees in and around Corporate Office and maintains Garden at the open area in the Factory. Steps are taken to minimize generation of E- waste. Training programs are conducted on Environment Protection Measures.

The details related to Technological Conservation, Renewable energy developments, Foreign Exchange conservation and Corporate Social Responsibility, forms part of Directors' Report.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 21.07.2022

(B T Khanapure)
Director

(Sunil Kumar Kaimal)
Managing Director

QUALIFICATION OF SECRETARIAL AUDITORS FOR 2021-22

| Para No. | Audit observation | Management Reply |
|----------|--|--|
| 8.1 | The Company did not hold its Annual General Meeting during the calendar year 2021, namely within nine months from the date of closing of the financial year ended 31st March 2021, a statutory requirement prescribed under Section 96 of the Companies Act 2013. Further, the Company did not file the financial statement (along with other Statutory documents) for the financial year 2020-21 within 30 days of the last date before which the annual general meeting should have been held to consider the said financial statements. | Due to the outbreak of second wave of Covid-19 Pandemic, the Statutory Auditors located at Chennai were not able to visit/depute their personnel for audit due to lock down and also in KAPL many employees were tested positive. Due to shortage in working staff, Finance Department had to face lot of difficulties in regular operations and it took time for compiling the related information for the Audit. Hence this led to delay in finalization of Accounts as well as obtaining the Comments from C&AG. As a result, Company could not hold its AGM during the calendar year 2021 and file the financial statements, as stated. The Company has filed an application for compounding delay in holding Annual General Meeting under Section 441 of Companies Act, 2013. |
| 8.2 | Towards end of the financial year 2021-22, the Company appointed one Independent Director and did not fill up the other vacancy of Independent Director. Therefore, the Company could not satisfy the requirement of having minimum two Independent Directors on its Board as required under Section 149 of the Companies Act, 2013. | As per the provisions of Memorandum and Articles of Association of the Company, Power to appoint Directors is with Government of India. Proposal for appointment of Independent Directors was sent to Government of India. Government of India as of now appointed only one Independent Director. |
| 8.3 | In the absence of Independent Directors, the Company could not validly constitute, hold and conduct Meetings of Audit Committee, Nomination and Remuneration Committee and CSR Committee. | The Audit Committee, Nomination and Remuneration Committee and CSR Committee have been reconstituted with Independent Director as Chairman and other two Members, from the Directors appointed by Government of India. While constituting the Committees, it was informed to the Board that, the same will be re-constituted once the Government of India fill up the other vacancy of Independent Director. |

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 30.09.2022

(B T Khanapure)
Director

(Sunil Kumar Kaimal)
Managing Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Karnataka Antibiotics and Pharmaceuticals Limited.
Bengaluru

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Karnataka Antibiotics and Pharmaceuticals Limited ("the Company"), which comprise the balance sheet as at 31st March 2022, the statement of profit and loss (including other comprehensive income), statement of Changes in Equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2022, the profit, changes in equity 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 Auditor's 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the 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 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 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 company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure – A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing a statement in terms of section 143(5) of the act, on the basis of such checks of books and records of the company as we consider appropriate and according to the information and explanations given to us, in "Annexure – B" on the matters specified in the directions issued by the Comptroller and Auditor General of India.
3. 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, the Statement of changes in equity and cash flows statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government company, the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the company in terms of notification no. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India.
- f) Being a Government company, the provision of Section 197 of the Act in respect of Managerial remuneration are not applicable to the company in terms of notification number GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India.

- g) 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 - C".
- 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 A to the financial statements;
 - ii. the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. at the Company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has declared and paid dividend during the year which is in compliance with section 123 of the Act.

For **Yoganandh & Ram LLP**
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No.: 218610
UDIN: 22218610ANKFRZ3148

Place: Bengaluru
Date: 21st July 2022

ANNEXURE – A : TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED.

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the company for the year ended March 31, 2022)

Statement on the matters specified in paragraphs 3 and 4 of Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of subsection (11) of section 143 of the Companies Act, 2013, to the extent applicable.

- i. In respect of the Property, Plant and Equipment and Intangible Assets:
 - a. (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) According to the information and explanation provided to us, the Company does not have any intangible assets and accordingly reporting under Clause 3 (i) (a)(B) of the Order is not applicable
 - b. There is a regular programme of physical verification of its fixed assets by which all the Property, Plant and Equipment have been physically verified by the management over a period of three years. In our opinion the periodicity of the physical verification is reasonable having regards to size of the company and the nature of fixed assets. In accordance with the program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
 - c. The title deeds of all the immovable properties are held in the name of the Company except for the given below property:

| Sl.No. | Details of Property | Gross Block (Net of Grants) Amount (Rs in lakhs) | Remarks |
|--------|---------------------|--|--|
| 1 | Kadabagere Land | 1.23 | Pending Registration. Details in note 46 A of the financial statements |

- d. According to the information and explanation given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- e. According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. a. According to the information and explanation given to us, physical verification of inventory has been conducted by the management once in a year and no material discrepancies were noticed. However, the frequency of verification of finished goods at branches are not reasonable or adequate, considering the size of the company
- b. As disclosed in Note 19 to the financial statements, the Company has been sanctioned working capital limit in excess of Rs. 5 Crores in aggregate from banks during the year on the basis of security of stock in trade and book debts on Pari-Passu basis and collateral security of fixed assets other the fixed assets charged to Bank of Baroda for Term on Pari-Passu Basis. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of account of the Company.
- iii. According to the information and explanation given to us, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and hence reporting under Clause 3(iii) of the Order is not applicable

- iv. According to the information and explanation given to us, the company has not given loans, investments, guarantees, and security, and hence reporting under Clause 3(iv) of the Order is not applicable.
- v. The company has not accepted any deposits or amounts which are deemed to be deposits and hence reporting under Clause 3(v) of the Order is not applicable.
- vi. The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013. The company in general, is maintaining proper records as specified.
- vii. (a) According to the information and explanation given to us, in respect to statutory dues of the company, the company has been regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

There were no undisputed amounts payable in respect of Income-Tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and any other statutory dues of the company were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there were no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except the followings:

| Name of the Status/Authority | Nature of dues | Period | Forum where dispute is pending | Amount in Rs. Lakhs* |
|------------------------------|---|--------------|--------------------------------|----------------------|
| VAT Act – Bihar | Sales Tax on feed supplements, sale of gauge and bandages | FY 1999-2000 | JCCT, PATNA | 7.33 |
| CST Act – Bihar | Sales Tax on feed supplements, sale of gauge and bandages | FY 1999-2000 | JCCT, PATNA | 0.19 |
| VAT Act – Bihar | Sales Tax on feed supplements, sale of gauge and bandages | FY 2000-2001 | JCCT, PATNA | 7.14 |
| CST Act – Bihar | Sales Tax on feed supplements, sale of gauge and bandages | FY 2000-2001 | JCCT, PATNA | 3.73 |

- viii. According to the Information and explanations give to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix.
 - a. According to the information and explanation given to us and in our opinion, Company has not defaulted in repayment of loans or other borrowings from any lender.
 - b. According to the information and explanation given to us, Company has not been declared as wilful defaulters by any bank or financial institution or other lender.
 - c. According to the information and explanation given to us, Company has not raised any term loans during the year and hence reporting under Clause 3(ix)(c) of the Order is not applicable.
 - d. On overall examination of the financial statements of the Company, no fund raised on short term basis have been used for long term purposed by the Company.

- e. As the Company does not have any subsidiaries, joint ventures or associate Companies, reporting under Clause 3(ix)(e) of the Order is not applicable.
- f. As the Company does not have any subsidiaries, joint ventures or associate Companies, reporting under Clause 3(ix)(f) of the Order is not applicable.
- x. a. The Company has not raised money by way of initial public offer or further public offer including debt instruments during the year. Hence reporting under Clause 3(x)(a) of the Order is not applicable.
- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) and hence, reporting under Clause 3(x)(b) of the Order is not applicable.
- xi. a. According to the information and explanation given to us, no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
- c. We have been informed that, as the Company is unlisted, the Company has not established Whistle blower reporting mechanism.
- xii. The Company is not a Nidhi Company, accordingly reporting under Clause 3(xii) of the Order is not applicable.
- xiii. In our Opinion and according to the information and explanation provided to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. a. The Company has an internal audit system commensurate with the size and nature of its business.
- b. The internal audit reports of the Company issued till date of our audit report, for the period under audit have been considered by us.
- xv. According to the Information and explanation provided to us, the Company has not entered any non-cash transactions with directors or persons connected with its directors and accordingly reporting under Clause 3(xv) of the Order is not applicable.
- xvi. According to the information and explanation provided to us and in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, requirement to report on Clause 3(xvi) (a), (b), (c) and (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios disclosed in Note No 50 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and

we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. a. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act ("the Act"), in compliance with second proviso to sub-section (5) of section 135 of the said Act. This matter has been disclosed the in the Note 38 to the financial statements.
- b. There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance with provision of sub-section (6) of section 135 of the said Act.
- xxi. As the Company does not prepare the Consolidated Financial Statements, requirement to report on Clause 3(xxi) of the Order is not applicable.

For **Yoganandh & Ram LLP**
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No.: 218610
UDIN: 22218610ANKFRZ3148

Place: Bengaluru
Date: 21st July 2022

ANNEXURE – B : TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS OF KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

(Referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the company for the year ended March 31, 2022)

Statement on the Direction of the Comptroller and Auditor General of India required under sub section 5 of section 143 of the Companies Act, 2013 ("the Act").

| Sl. No. | Directions | Our Response |
|---------|---|--|
| I. | Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | Yes, the company has IT systems to process the accounting transactions. |
| II. | Whether there is any restructuring of an existing loans or cases of waiver/write off of debts /loans/ interest, etc., made by a lender to the company due to the company's inability to repay the loan? If yes, financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company). | In our opinion, and according to the explanations given to us, the company neither have restricted any loan nor waived/write off of debts/loans/ interest, etc, during the year. |
| III. | Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central / state agencies or its agencies were properly accounted for/ utilised as per its terms and conditions? List the cases of deviations. | The has not received / to receive any funds under specific schemes from Central/ State agencies. |

For **Yoganandh & Ram LLP**

Chartered Accountants

FRN: 005157S/S200052

Manoj Kumar Jain

Partner

Membership No.: 218610

UDIN: 22218610ANKFRZ3148

Place: Bengaluru

Date: 21st July 2022

ANNEXURE – C : TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED.

(Referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the company for the year ended March 31, 2022).

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

We have audited the internal financial controls over financial reporting Karnataka Antibiotics & Pharmaceuticals Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Ind AS 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, to the extent applicable to an audit of internal financial controls, 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 judgement, 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 qualified 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 authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 and according to the information & explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Yoganandh & Ram LLP**
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No.: 218610
UDIN: 22218610ANKFRZ3148

Place: Bengaluru
Date: 21st July 2022

Secretarial Audit Report for the Financial Year ended 31st March 2022

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

To the Members of Karnataka Antibiotics and Pharmaceuticals Limited

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Karnataka Antibiotics and Pharmaceuticals Limited with CIN : U24231KA1981GOI004145 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on my 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, and subject to my separate letter attached hereto as the Annexure, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2022, 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.
3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2022 according to the provisions of:
 - (a) The Companies Act, 2013 ("the Act") and the Rules made there under;
 - (b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - (c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (d) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (e) Drugs and Cosmetics Act, 1940 and Rules framed thereunder;
 - (f) Good Manufacturing Practice (GMP) Documentation and Certification for the control and management of manufacturing, testing and overall quality control of pharmaceutical products.
 - (g) The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 and Rules framed thereunder and
 - (h) Drugs (Prices Control) Order, 1995
 - (i) The Patents Act, 1970
 - (j) The Trade Marks Act, 1999
 - (k) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India – as relates to composition and appointment of Directors.

4. I have also examined compliance with the applicable clauses of the Secretarial Standards namely SS-1 and SS-2 issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
5. I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.
6. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the qualifications mentioned in paragraph 8 below.
7. Subject to the qualifications mentioned in paragraph 8, I further report as below:

7.1 that, -

- (a) proper advance notices for Board and Committee meetings were issued to Directors during the year; such notices accompanied detailed notes on agenda items and draft minutes of respective meetings; the Company adopts a system to enable Directors to seek and obtain required information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (b) the Company followed proper Board processes in convening and conduct of Meetings Members and Directors; the Company has maintained proper Books to record Proceedings of General Meetings of Members, Minutes of Meetings of Board and Committee of Directors; resolutions passed by e-voting, if any, are recorded in the Minutes Book of General Meetings.
- (c) I further report that 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.

7.2 that, 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;

7.3 There were no instances of:

- (i) Public, Preferential Issue of Shares or Debentures or Sweat Equity;
- (ii) redemption buy-back of securities;
- (iii) major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;
- (iv) merger, amalgamation, reconstruction etc.;
- (v) foreign technical collaborations.

8. Qualification:

- 8.1 The Company did not hold its Annual General Meeting during the calendar year 2021, namely within nine months from the date of closing of the financial year ended 31st March 2021, a statutory requirement prescribed under Section 96 of the Companies Act, 2013. Further, the Company did not file the financial statements (along with other statutory documents) for the financial year 2020-21 within 30 days of the last date before which the annual general meeting should have been held to consider the said financial statements.
- 8.2 Towards end of the financial year 2021-22, the Company appointed one Independent Director and did not fill up the other vacancy of Independent Director. Therefore, the Company could not to satisfy the requirement of having minimum two Independent Directors on its Board as required under Section 149 of the Companies Act, 2013.
- 8.3 In the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of Audit Committee, Nomination and Remuneration Committee and CSR Committee

Place : Bengaluru
Date : 13th September, 2022
UDIN No. F003000D000966701
Peer Review Unique ID No.I2014KR1122000

K N Nagesha Rao
Practising Company Secretary
FCS 3000 CP 12861

**The Annexure to the Secretarial Audit Report
for the Financial Year ended 31st March 2022**

To the Members of Karnataka Antibiotics and Pharmaceuticals Limited

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records and compliance based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I obtained the management representation on the compliances of laws, rules and regulations as well on happening of events.
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 procedure on test basis.
6. The Secretarial Audit report is not an assurance of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru

Date : 13th September, 2022

UDIN No. F003000D000966701

Peer Review Unique ID No.I2014KR1122000

K N Nagesha Rao

Practising Company Secretary

FCS 3000 CP 12861



कार्यालय महानिदेशक लेखापरीक्षा (केन्द्रीय व्यय)
Office of the Director General of Audit, (Central Expenditure)
इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110 002
Indraprastha Estate, New Delhi-110002

No. AMG-IV/PSU/KAPL/121/2022-23/ 539

Dated: 29.09.2022

To

**The Managing Director,
 Karnataka Antibiotics & Pharmaceuticals Limited,
 KAPL House "ARKA – The Business Centre",
 Plot No. : 37, Site No. : 34/4, NTTF Main Road,
 Peenya Industrial Area, 2nd Phase,
 Bangalore-560 058.**

Sub: Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2022 for the year ended 31 March 2022.

Sir,

Please find enclosed herewith a NIL comments Certificate of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of **KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED** for the year ended 31 March 2022.

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,



(Rajiv Kumar Pandey)
Director General of Audit
(Central Expenditure)

Ph. : +91-11-23454100
 Fax : +91-11-23702271

DGACR Building, I.P. Estate, New Delhi - 110002
 E-mail : dgace@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of financial statements of **KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED** for the year ended **31st March 2022** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21 July 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED** for the year ended **31st March 2022** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b).

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



**(Rajiv Kumar Pandey)
Director General of Audit
(Central Expenditure)**

**Place: New Delhi
Date: 29.09.2022**

(Rupees in Lakhs)

| PARTICULARS | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|-----------------------------------|----------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets : | | | |
| (a) Property, Plant and Equipment | 2A | 7759.45 | 7798.18 |
| (b) Capital Work in Progress | 2B | 33.90 | 153.72 |
| (c) Right-of-use assets | 37 | 308.51 | - |
| (d) Financial assets | | | |
| - Loans | 3 | 0.06 | - |
| - Others | 4 | 425.70 | 292.83 |
| (e) Deferred tax assets (Net) | 5 | 89.93 | - |
| (f) Other non-current assets | 6 | 54.95 | 98.42 |
| Total Non-current assets | | 8672.50 | 8343.15 |
| Current assets | | | |
| (a) Inventories | 7 | 8239.67 | 6298.12 |
| (b) Financial assets | | | |
| - Trade Receivables | 8 | 14839.19 | 8340.71 |
| - Cash and cash equivalents | 9 | 1164.63 | 3505.48 |
| - Bank Balances other than above | 10 | 3325.48 | 4792.91 |
| - Loans | 11 | 112.29 | 67.27 |
| - Others | 12 | 165.44 | 339.15 |
| (c) Current Tax Assets (Net) | 13 | 265.10 | 354.51 |
| (d) Other current assets | 14 | 1950.31 | 1233.35 |
| Total Current assets | | 30062.11 | 24931.50 |
| TOTAL ASSETS | | 38734.61 | 33274.65 |



BALANCE SHEET AS AT 31st MARCH 2022

(Rupees in Lakhs)

| PARTICULARS | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|---|----------|---------------------|---------------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 15 | 1349.00 | 1349.00 |
| (b) Other equity | 16 | 22559.68 | 20547.77 |
| Total Equity | | 23908.68 | 21896.77 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| - Borrowings | 17 | 75.00 | 375.00 |
| - Lease Liabilities | 37 | 225.04 | - |
| (b) Provisions | 18 | 686.83 | 550.06 |
| (c) Deferred tax liabilities (Net) | 5 | - | 93.79 |
| Total Non-current Liabilities | | 986.87 | 1018.85 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| - Borrowings | 19 | 300.68 | 300.00 |
| - Trade payables | 20 | | |
| (i) Dues to Micro and small Enterprises | | 2647.00 | 1269.98 |
| (ii) Dues to Others | | 6211.86 | 4434.55 |
| - Lease Liabilities | 37 | 83.72 | - |
| - Other Financial Liabilities | 21 | 714.06 | 705.20 |
| (b) Other current Liabilities | 22 | 3373.01 | 3116.18 |
| (c) Provisions | 23 | 508.73 | 533.12 |
| Total Current liabilities | | 13839.06 | 10359.03 |
| TOTAL EQUITY AND LIABILITIES | | 38734.61 | 33274.65 |

Significant Accounting Policies and accompanying Notes No. 1 to 51 form an integral part of the Financial Statement

This is the Balance Sheet referred to in Audit Report of even date

For YOGANANDH & RAM LLP

Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain

Partner

Membership No. 218610

**For and on behalf of Board of Directors of
Karnataka Antibiotics and Pharmaceuticals Limited
CIN : U24231KA1981GOI004145**

SUNIL KUMAR KAIMAL

Managing Director
DIN: 0008528088

B T KHANAPURE

Director
DIN: 0007778686

JAGADISH C

Assistant General Manager - Finance

SUPRIYA KULKARNI

Company Secretary

Date : 21st July 2022

Place : Bengaluru

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



(Rupees in Lakhs)

| PARTICULARS | Note No. | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|---|----------|----------------------------------|----------------------------------|
| REVENUE: | | | |
| I. Revenue from operations | 24 | 47532.24 | 42716.45 |
| II. Other Income | 25 | 392.16 | 413.24 |
| III. Total Income (I+II) | | 47924.40 | 43129.69 |
| IV. EXPENSES: | | | |
| Cost of materials consumed | 26 | 21796.53 | 16797.37 |
| Purchases of Stock-in-Trade | | 5001.08 | 5298.51 |
| Changes in inventories of finished goods, work in progress and stock-in-trade | 27 | (602.65) | (747.80) |
| Employee benefits expense | 28 | 7208.28 | 7050.10 |
| Finance Costs | 29 | 107.42 | 89.84 |
| Depreciation and amortisation expense | 30 | 813.95 | 739.26 |
| Other expenses | 31 | 10348.17 | 10828.33 |
| Total Expenses (IV) | | 44672.78 | 40055.61 |
| V. Profit before exceptional items and tax (III-IV) | | 3251.62 | 3074.08 |
| VI. Exceptional Item | | - | - |
| VII. Profit before tax (V-VI) | | 3251.62 | 3074.08 |
| VIII. Tax expense | | | |
| a) Current tax | | 953.18 | 734.13 |
| b) Deferred Tax | | (167.14) | 74.25 |
| c) Tax adjustment for earlier years | | (0.24) | (52.59) |
| Total Tax expense | | 785.80 | 755.79 |
| IX. Profit for the year (VII-VIII) | | 2465.82 | 2318.29 |



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

(Rupees in Lakhs)

| PARTICULARS | Note No. | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|---|----------|----------------------------------|----------------------------------|
| X. Other comprehensive income | 32 | | |
| A (i) Items that will not be reclassified to profit or loss | | (65.76) | 92.09 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 16.55 | (23.18) |
| | | (49.21) | 68.91 |
| XI. Total comprehensive income for the year (IX+X) | | 2416.61 | 2387.20 |
| XII. Earnings per equity share of Rs. 100/- each | | | |
| Basic and Diluted | 36 | 182.79 | 171.85 |

Significant accounting Policies and accompanying Notes No. 1 to 51 form an integral part of the Financial statement

This is the Statement of Profit & Loss referred to in Audit Report of even date

For YOGANANDH & RAM LLP
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No. 218610

**For and on behalf of Board of Directors of
Karnataka Antibiotics and Pharmaceuticals Limited
CIN : U24231KA1981GOI004145**

SUNIL KUMAR KAIMAL
Managing Director
DIN: 0008528088

JAGADISH C
Assistant General Manager - Finance

B T KHANAPURE
Director
DIN: 0007778686

SUPRIYA KULKARNI
Company Secretary

Date : 21st July 2022

Place : Bengaluru

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

(Rupees in Lakhs)

| PARTICULARS | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 3251.62 | 3074.08 |
| Adjustments for non cash & Non operating items: | | |
| Depreciation and amortization | 813.95 | 739.26 |
| Interest received from Banks | (219.98) | (137.02) |
| Interest expenses | 64.35 | 73.73 |
| Excess provision reversed | (2.24) | (24.12) |
| Provision for Contingencies | 178.31 | 30.00 |
| Provision for Doubtful debts | 149.31 | 117.45 |
| Provision made/(withdrawn)for slow moving/ non moving inventory | 12.59 | (24.65) |
| Loss on sale Fixed Assets | 2.40 | - |
| Unrealised Foreign Exchange Loss (Gain) | (4.25) | 3.45 |
| Sundry Credit balances written back | (0.32) | (198.85) |
| Operating profit before working capital changes: | 4245.74 | 3653.33 |
| <i>Changes in working capital</i> | | |
| Decrease / (Increase) in Inventories | (1954.14) | (707.76) |
| Decrease / (Increase) in Trade and Other Receivables | (7499.58) | 6393.22 |
| (Decrease) / Increase in Trade Payables and Other Liabilities | 3428.78 | (1717.14) |
| Cash generated from operations | (1779.20) | 7621.65 |
| Income taxes paid | (863.54) | (938.38) |
| Net cash generated by operating activities | (2642.74) | 6683.27 |
| B. Cash flow from investing activities | | |
| Purchase of PPE, Capital WIP, Capital Advances | (602.80) | (621.75) |
| Proceed from sale of PPE | 39.53 | |
| Government Grant received | 0.00 | 20.00 |
| Interest received from Banks | 219.98 | 137.02 |
| Net cash from investing activities | (343.29) | (464.73) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2022

(Rupees in Lakhs)

| PARTICULARS | For the Year ended 31 March 2022 | For the Year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| C. Cash flow from financing activities | | |
| Interest paid | (64.35) | (73.73) |
| Repayment of Long Term Borrowings | (300.00) | (300.00) |
| Increase/(Decrease) in short term Borrowings | 0.68 | (362.34) |
| Payment of Lease Liabilities including Interest | (53.87) | 0.00 |
| Dividend paid on equity shares | (404.71) | (377.72) |
| Net cash from financing activities | (822.25) | (1113.79) |
| D. Net changes in cash and cash equivalents (A + B + C) | (3808.28) | 5104.75 |
| Cash and cash equivalents at the beginning of the year | 8298.39 | 3193.64 |
| Cash and cash equivalents at the end of the year | 4490.11 | 8298.39 |
| Reconciliation of Cash and Cash equivalents with the Balance Sheet | | |
| Cash and Cash equivalents as per Balance Sheet | 1164.63 | 3505.48 |
| Add: Bank Balances not considered as Cash and Cash Equivalents as defined in IND AS 7 Cash Flow Statement | 3325.48 | 4792.91 |
| Net Cash and Cash Equivalents | 4490.11 | 8298.39 |
| Cash and Cash equivalents at the end of the year Comprises (also refer note No 9 & 10) | | |
| a) Cash on hand | 0.50 | 0.31 |
| b) In cash Credit | 473.87 | 1,925.91 |
| c) In fixed deposit account | 3890.16 | 6299.28 |
| d) In fixed deposit account-Margin Money | 125.58 | 72.89 |

Significant Accounting Policies and accompanying Notes No. 1 to 51 form an integral part of the Financial Statement

This is the Cash Flow Statement
referred to in Audit Report of
even date

For YOGANANDH & RAM LLP
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No. 218610

**For and on behalf of Board of Directors of
Karnataka Antibiotics and Pharmaceuticals Limited
CIN : U24231KA1981GOI004145**

SUNIL KUMAR KAIMAL
Managing Director
DIN: 0008528088

JAGADISH C
Assistant General Manager - Finance

B T KHANAPURE
Director
DIN: 0007778686

SUPRIYA KULKARNI
Company Secretary

Date : 21st July 2022
Place : Bengaluru

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2022



A. EQUITY SHARE CAPITAL

Rupees in Lakhs

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|----------------|---------------------|----------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Equity shares of face value of Rs 100/- each issued and subscribed and fully paid up | | | | |
| Balance at the beginning of the year | 1349000 | 1349.00 | 1349000 | 1349.00 |
| Changes in Equity Share Capital during the year | - | - | - | - |
| Balance at the end of the period | 1349000 | 1349.00 | 1349000 | 1349.00 |

B. OTHER EQUITY

| For the year ended 31st March 2022 | Reserve and Surplus | | | | | Total Other Equity |
|---|---|-----------------|------------------|--------------------------------------|----------------------------|--------------------|
| | Retained Earnings | Other Reserve | | | | |
| | Surplus as per Statement of Profit and Loss | General Reserve | CSR Fund Reserve | Sustainable Development Fund Reserve | Other Comprehensive Income | |
| Balance as at 1st April 2021 | 331.67 | 20066.94 | 92.91 | 16.66 | 39.59 | 20547.77 |
| Profit for the year | 2465.82 | | | | | 2465.82 |
| Other Comprehensive Income for the year (Refer Note 32) | | | | | (49.21) | (49.21) |
| Total Comprehensive Income | 2465.82 | | | | (49.21) | 2416.61 |
| Transfer to General Reserve | (2000.00) | 2109.57 | (92.91) | (16.66) | | 0.00 |
| Final dividend | (404.70) | | | | | (404.70) |
| Balance as at 31st March 2022 | 392.79 | 22176.51 | - | - | (9.62) | 22559.68 |

| For the year ended 31st March 2021 | Reserve and Surplus | | | | | Total Other Equity |
|---|---|-----------------|------------------|--------------------------------------|----------------------------|--------------------|
| | Retained Earnings | Other Reserve | | | | |
| | Surplus as per Statement of Profit and Loss | General Reserve | CSR Fund Reserve | Sustainable Development Fund Reserve | Other Comprehensive Income | |
| Balance as at 1st April 2020 | 391.09 | 18066.94 | 92.91 | 16.66 | (29.32) | 18538.28 |
| Profit for the year | 2318.29 | | | | | 2318.29 |
| Other Comprehensive Income for the year (Refer Note 32) | | | | | 68.91 | 68.91 |
| Total Comprehensive Income | 2318.29 | | | | 68.91 | 2387.20 |
| Transfer to General Reserve | (2000.00) | 2000.00 | | | | |
| Final dividend | (377.71) | | | | | (377.71) |
| Balance as at 31st March 2021 | 331.67 | 20066.94 | 92.91 | 16.66 | 39.59 | 20547.77 |

Significant Accounting Policies and accompanying Notes No. 1 to 51 form an integral part of the Financial Statement

This is the Statement of Changes in equity referred to in Audit Report of even date

For YOGANANDH & RAM LLP

Chartered Accountants

FRN: 005157S/S200052

Manoj Kumar Jain

Partner

Membership No. 218610

**For and on behalf of Board of Directors of
Karnataka Antibiotics and Pharmaceuticals Limited
CIN : U24231KA1981GOI004145**

SUNIL KUMAR KAIMAL

Managing Director

DIN: 0008528088

JAGADISH C

Assistant General Manager - Finance

B T KHANAPURE

Director

DIN: 000778686

SUPRIYA KULKARNI

Company Secretary

Date : 21st July 2022

Place : Bengaluru

Overview and Significant Accounting Policies

1.1 Company Overview:

Karnataka Antibiotics and Pharmaceuticals Limited ('KAPL') is a government company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India with CIN No U24231KA1981GOI004145. The registered office of the company is located at Arka The Business Centre, Plot No.37, Site No.34/4, NTT Main Road, 2nd Phase, Peenya Industrial Area, Bengaluru- 560058. The Company is a Mini Ratna Category – I public sector enterprise and is under the administrative control of the Department of Pharmaceuticals, Ministry of Chemicals, Government of India.

KAPL, established in 1981, is primarily engaged in the business of manufacturing and marketing of various life saving and essential drugs. The Company's manufacturing facility at Bengaluru started its commercial production during the year 1984 for the manufacture of Dry Powder Vials, Liquid Parenterals, Tablets, Capsules, etc. The Financial Statements are authorized for issue in accordance with the resolution of board of directors on 21st July 2022.

Significant Accounting Policies:

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015, as amended.

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial instruments (refer note 1.17)
- Defined Benefit and other Long term Employee Benefits (refer note 1.8).

The financial statements are presented in INR and all values are rounded to nearest lakhs, except when otherwise indicated.

1.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

1.4 Revenue recognition

- Revenue from sales is recognized when the customer obtains control of the goods in terms of sales contract and in the case of loan licence conversion contracts, when the control of goods under the conversion contract is transferred to the customer. Accordingly,
 - i) in the case of " F.O.R. Destination" sale contracts, where acknowledgements from customer/ certificate of delivery are not on hand, sale is recognized based on the estimated average time taken for the consignment to reach the destination. In respect of sale transactions nearing

the end of the financial year, actual delivery evidenced by acknowledgement from customers/ certificate of delivery is also considered.

- ii) in the case of “ FOB ” sale contracts, sale is recognised based on the date of shipment of goods on Board.
- iii) Sales returns are accounted for in the year of return.
- iv) Sales are stated net of returns, GST and applicable trade discounts and allowances.
- v) In case of consignment sale, sale is recognized upon the end customer obtains the control of the product.
- Interest income is recognized using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected useful life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset.

1.5 Property, Plant & Equipment (PPE)

- PPE are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any. The cost comprises of purchase price, non-refundable taxes and duties, borrowing cost if capitalization criteria are met and other directly attributable cost for bringing the asset to its working condition for the intended use.
- All direct expenses identifiable to the project during the construction period are capitalized. In respect of project activities which are carried on concurrently with production, expenses on administration and supervision incurred (the bifurcation of which between production and construction is not ascertainable) are charged to revenue.
- Depreciation on PPE is provided on Straight Line Method over the useful life of the assets as prescribed under Part C of schedule II of the Companies Act, 2013 except in case of certain used assets purchased for which useful life has been determined based on technical advice. Depreciation is calculated on pro-rata basis from the date of installation till the date the asset is sold or otherwise disposed.
- Assets individually costing Rs.10,000/- or less are fully depreciated in the year of purchase.
- Depreciation is calculated from the date of installation till the date the assets are sold or disposed off. Where cost of an item of PPE are significant and have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.
- Capital work-in-progress comprises the cost of PPE that are not yet ready for their intended use at the reporting date. Advances paid towards the acquisition of PPE as at the balance sheet date are disclosed under “Other Non-Current Assets”.
- Any gain or loss arising out of derecognition of an asset is included in the Statement of Profit and Loss.

1.6 Government Grant

- a. Government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

- b. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss.
- c. Government grants related to assets are recognized by deducting grant while in arriving at the carrying amount of the asset.

1.7 Valuation of Inventories

- a. Raw materials are valued at lower of cost and net realisable value. Materials held for use in the production of finished goods 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. The cost is determined on First-in-First out basis. Cost includes taxes, duties and freight and is net of Goods and Services Tax (GST). Raw materials identified as obsolete are provided for.
- b. Work in progress is valued at lower of cost and net realisable value. Cost represents material cost plus fixed percentage of direct labour and appropriate fixed and variable production overheads.
- c. Finished goods are valued at lower of cost and net realisable value. Cost represents materials, direct labour and appropriate fixed and variable production overheads.
- d. Stock of spares and tools of unit value Rs.5, 000/- and above (based on materiality) is valued at landed cost and reckoned as at the end of the year.
- e. Closing stock of Physician samples is valued as NIL. The value of Physician samples is accounted under material consumption.

1.8 Employee Benefits

- a. **Defined Contribution Plan:** Company's contribution paid/payable for the year to defined contribution schemes such as contributions payable to recognised Provident Fund are charged to Statement of Profit and Loss on accrual basis. The company has no further obligations under this plan beyond its monthly contributions.
- b. **Defined Benefit Plan:** Gratuity and Long Term Benefits such as Leave and Sickness Benefits, which are defined benefits, are accrued based on an actuarial valuation using the projected unit credit method at the balance sheet date, carried out by an independent actuary. Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligations under the defined benefit plan to recognise the obligation on net basis.

- c. **Short Term Employee benefits:** Expenses in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which the employee renders service.
- d. **Post-Retirement Medical Scheme:** In pursuance of orders of Govt. of India ,company has introduced a scheme called "KAPL Post Superannuation Health Insurance Scheme" for employees retired or spouses of employees (Employees died in service) after 01.01.2017. As per the order maximum contribution is 1.50% of PBT.Accordingly, company is providing for Expenses each year based on the profitability.

1.9 Foreign exchange transactions

- **Initial Recognition:**

On initial recognition, transactions in foreign currencies entered into by the company are recorded in the functional currency (i.e. Indian Rupees), by applying the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

- **Measurement of Foreign Currency Items at reporting Date:**

Foreign Currency monetary items of the Company are translated at the closing exchange rates. Exchange differences arising out of these transactions are recognized in the Statement of Profit & Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.10 Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law applicable) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Current Income Tax and deferred taxes relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The Company offsets the current (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and the deferred taxes relate to the same taxation authority.

1.11 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

1.12 Provisions and contingencies

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a

present obligation that may, but probably will not, require an outflow of resources or which cannot be measured reliably. Where there is a past obligation or present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made. Contingent Assets are not recognized in the financial statements. However, disclosure is made in the financial statements when the inflow of economic benefits is probable.

1.13 Impairment of Non-Financial Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

1.14 Leases

As a Lessee:

Identification of a lease requires significant judgement. Contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the company recognizes a Right-of-Use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an expense. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.15 Cash and Cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with an original maturity of three months or less from date of acquisition, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.16 Cash flow statement

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

1.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-Derivative financial instruments consist of:

- Financial assets, which include cash and cash equivalents, trade receivables, employee and other advances and eligible current and non-current assets; Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.
- Financial liabilities, which include long and short term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

Initial recognition and measurement

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement

For purposes of subsequent measurement, financial instruments are classified in four categories:

- a) Financial assets carried at amortized cost
- b) Financial assets at fair value through other comprehensive income (FVTOCI)
- c) Financial assets at fair value through profit or loss (FVTPL)
- d) Financial liabilities

a) Financial assets carried at amortized cost

'Financial assets' is subsequently measured at amortized cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

b) Financial assets at FVTOCI

'Financial assets' is carried at FVTOCI if both of the following criteria are met:

- i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii) The asset's contractual cash flows represent SPPI.

Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

c) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

d) Financial Liabilities

Financial liabilities are subsequently carried at amortised cost using the EIR.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IND AS 109. A Financial liability (or a part of financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.18 Agriculture Activity

The Company recognizes agricultural produce when, and only when, the Company controls the assets as a result of past events, if it is probable that future economic benefits associated with such assets will flow to the Company and the fair value of the assets can be measured reliably.

A biological asset is measured on initial recognition as well as at the end of each reporting period at its fair value less cost to sell. Agricultural produce harvested from an entity's biological assets is measured at its fair value less costs to sell at the point of harvest.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in Statement of Profit and Loss for the period in which it arises.

As on date the company growing a small volume of Medicinal plants at Kadabagere Land. Company will start recognizing the biological Assets once the revenue contribution crosses the amount of Rs. 10.00 lakhs.

1.19 Re classification/ Regrouping

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous year figures have been re-grouped or reclassified, to confirm to such current year's grouping / classifications. There is no impact on Equity or Net profit/(Loss) due to these regrouping /reclassifications.

NOTE 2A : PROPERTY, PLANT & EQUIPMENT

(All amounts are Rs in Lakh, unless otherwise stated)

| Class of Assets | Cost or Deemed cost | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value | |
|---------------------------------|----------------------|---------------------------|--|-----------------------|---|----------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April 2021 | Additions during the year | Deletions/ Adjustments during the year | As at 31st March 2022 | As at 1st April 2021 | Depreciation charge for the year | Deletions during the year | As at 31st March 2022 | As at 31st March 2022 | As at 31st March 2021 |
| Tangible assets, owned | | | | | | | | | | |
| Freehold Land | 354.93 | 173.49 | 34.94 | 493.48 | 0.00 | 0.00 | - | 0.00 | 493.48 | 354.93 |
| Building | 3659.88 | 108.23 | 0.00 | 3768.11 | 509.20 | 150.15 | - | 659.35 | 3108.76 | 3150.68 |
| Plant and equipment | 5936.38 | 302.23 | 21.16 | 6217.45 | 1866.72 | 531.37 | 14.34 | 2383.75 | 3833.70 | 4069.66 |
| Furniture and fixtures | 213.49 | 132.81 | 0.51 | 345.79 | 75.86 | 46.20 | 0.34 | 121.72 | 224.07 | 137.63 |
| Office Equipment | 39.13 | 14.40 | 0.25 | 53.28 | 20.46 | 7.45 | 0.25 | 27.66 | 25.62 | 18.67 |
| Computers | 115.55 | 25.60 | 0.00 | 141.15 | 59.29 | 20.20 | - | 79.49 | 61.66 | 56.26 |
| Canteen Equipments | 6.14 | 0.27 | 0.00 | 6.41 | 3.70 | 1.09 | - | 4.79 | 1.62 | 2.44 |
| Motor Vehicles | 18.40 | 6.00 | 0.00 | 24.40 | 10.49 | 3.37 | - | 13.86 | 10.54 | 7.91 |
| Total | 10343.90 | 763.03 | 56.86 | 11050.07 | 2545.72 | 759.83 | 14.93 | 3290.62 | 7759.45 | 7798.18 |
| Capital Work in Progress | 153.72 | 46.48 | 166.30 | 33.90 | 0.00 | 0.00 | - | 0.00 | 33.90 | 153.72 |
| Sub-Total | 153.72 | 46.48 | 166.30 | 33.90 | 0.00 | 0.00 | - | 0.00 | 33.90 | 153.72 |
| Total | 10497.62 | 809.51 | 223.16 | 11083.97 | 2545.72 | 759.83 | 14.93 | 3290.62 | 7793.35 | 7951.90 |
| Previous Year | 9895.87 | 777.75 | 176.00 | 10497.62 | 1806.46 | 739.26 | - | 2545.72 | 7951.90 | |

(Also Refer Note 46 to 47 on the Financial Statements)

- Note:** 1. The Company is in the process of getting the Dharwad land registered in its name. Registration of Dharwad Land has been completed on 07.04.2022.
2. An amount of Rs 34.94 Lakhs reduced from Dharwad land , being 26 Guntas Land shortage which is recoverable from Karnataka State Financial Corporation.

NOTE 2B : CAPITAL WORK-IN-PROGRESS (CWIP) AGEING SCHEDULE

(All amounts are Rs in Lakh, unless otherwise stated)

Capital Work in Progress (CWIP) Ageing Schedule

| As on March 31, 2022 | Amount in CWIP for period of | | | | Total |
|-------------------------------|------------------------------|-------------|-------------|-------------------|--------------|
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Project in progress | 33.90 | - | - | - | 33.90 |
| Project temporarily suspended | - | - | - | - | - |
| Total | 33.90 | 0.00 | 0.00 | 0.00 | 33.90 |

| As on March 31, 2021 | Amount in CWIP for period of | | | | Total |
|-------------------------------|------------------------------|-------------|-------------|-------------------|---------------|
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Project in progress | 153.72 | - | - | - | 153.72 |
| Project temporarily suspended | - | - | - | - | - |
| Total | 153.72 | 0.00 | 0.00 | 0.00 | 153.72 |

- Note:** 1. There are no projects which are Overdue Capital work-in-progress as compared to Original plans.
 2. There are no projects which have exceeded their cost as compared to the original plan.

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------------|-----------------------------|
| 3. Non Current Financial Assets-Loans (At amortised Cost) | | |
| Advances to Employees | 0.06 | 0.00 |
| | 0.06 | 0.00 |
| 4. Non Current Financial Assets-Other (At amortised Cost) | | |
| Deposits with Govt Depts | 123.32 | 106.14 |
| Rent Deposits | 53.26 | - |
| Investments at fair value through profit or loss Group Leave Encashment Scheme Insurance Policy- (Net of Provision) | 249.12 | 186.69 |
| | 425.70 | 292.83 |
| 5. Deferred tax assets/(liabilities) (net) | | |
| Deferred tax assets | | |
| a) Provisions for doubtful debts,claims etc. | 132.52 | 94.94 |
| b) Leave Salary | 126.01 | 0.00 |
| c) Gratuity | 66.09 | 81.09 |
| d) Others | 235.35 | 193.32 |
| | 559.97 | 369.35 |
| Deferred tax Liabilities | | |
| a) Fixed Assets -Written Down Value Difference | 470.04 | 462.14 |
| b) Leave Salary | 0.00 | 1.00 |
| | 470.04 | 463.14 |
| | 89.93 | (93.79) |
| 6. Other Non Current Assets (Unsecured considered good) | | |
| Capital Advances | 32.68 | 73.10 |
| Prepaid expenses | 22.27 | 25.32 |
| | 54.95 | 98.42 |
| 7. Inventories (At lower of cost and net realisable value) | | |
| Raw materials at KAPL | 3853.00 | 2599.19 |
| Raw materials at loan license parties | 13.12 | 0.34 |
| Less: Provision for Obsolescence | (97.93) | (85.34) |
| | 3768.19 | 2514.19 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------------|-----------------------------|
| Stores & Spares | 70.20 | 62.25 |
| Work-in-Progress | 528.66 | 194.56 |
| Finished Goods | 2527.31 | 2305.38 |
| Stock-in-trade | 557.71 | 485.18 |
| Goods-in-Transit | | |
| Raw Material | 242.26 | 157.93 |
| Finished Goods | 487.64 | 565.45 |
| Stock-in-trade | 57.70 | 13.18 |
| | 8239.67 | 6298.12 |
| 8 Trade receivables (At amortised Cost) | | |
| a) Trade Recivable Considered Good-Secured | 94.90 | 229.19 |
| b) Trade Recivable Considered Good-Unsecured | 14744.29 | 8111.52 |
| c) Trade Receivable which have Significant increase in credit Risk | 526.55 | 377.24 |
| Less: Provision for Trade Receivable which have Significant increase in credit Risk | (526.55) | (377.24) |
| | 14839.19 | 8340.71 |
| 8.1 'Sundry Debtors' includes Rs.11547.23 Lakhs(Previous year Rs. 4406.94 lakhs)due from Government Institutions/bodies in respect of which confirmation of balances is awaited. | | |
| 8.2 Confirmation of balances called for by the Company towards Trade Receivables other than Government institutions/bodies is awaited to an aggregate extent of Rs.3642.57 lakhs (previous year Rs.2952.04 lakhs) of such receivables. In the cases where differences are noticed in the confirmations received from receivables, the Company has adopted the balance as per Books of Accounts for preparation of Financial Statements, after carrying out necessary reconciliation. | | |
| 8.3 However, in the opinion of the Company, non receipt of confirmation of balances will not have any material effect on the financial position of the Company. | | |
| 8.4 Provision includes an amount of Rs 15.58 Lakhs receivable from the Customer domicile in Srilanka. | | |

(All amounts are Rs in Lakh, unless otherwise stated)

Trade Receivable Ageing Schedule

| As on March 31,2022 | Outstanding for following period from due date of Payment | | | | | |
|---|---|------------------|----------------|-------------------|-------------------|-----------------|
| | Less Than 6 Months | Less than 1 year | 1-2 Years | 2 Years - 3 Years | More than 3 Years | Total |
| (i) Undisputed Trade Recivable - considered Good | 11124.71 | 1528.98 | 1399.06 | 728.58 | 57.86 | 14839.19 |
| (ii) Undisputed Trade Receivable - Which have significant increase in Credit Risk | 0.36 | 0.00 | 7.54 | 7.29 | 511.36 | 526.55 |
| Less: Provision for Trade Receivable which have Significant increase in credit Risk | (0.36) | 0.00 | (7.54) | (7.29) | (511.36) | (526.55) |
| Total | 11124.71 | 1528.98 | 1399.06 | 728.58 | 57.86 | 14839.19 |

| As on March 31,2021 | Outstanding for following period from due date of Payment | | | | | |
|---|---|------------------|----------------|-------------------|-------------------|----------------|
| | Less Than 6 Months | Less than 1 year | 1-2 Years | 2 Years - 3 Years | More than 3 Years | Total |
| (i) Undisputed Trade Recivable - considered Good | 5045.51 | 1674.30 | 1236.69 | 295.64 | 88.57 | 8340.71 |
| (ii) Undisputed Trade Receivable - Which have significant increase in Credit Risk | 0.00 | 0.00 | 0.00 | 0.00 | 377.24 | 377.24 |
| Less: Provision for Trade Receivable which have Significant increase in credit Risk | 0.00 | 0.00 | 0.00 | 0.00 | (377.24) | (377.24) |
| Total | 5045.51 | 1674.30 | 1236.69 | 295.64 | 88.57 | 8340.71 |

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|-------------|-----------------------|-----------------------|
|-------------|-----------------------|-----------------------|

9 Cash and Cash Equivalents (At amortised Cost)

| | | |
|---|----------------|----------------|
| Cash on hand | 0.50 | 0.31 |
| Balances with banks | | |
| In current accounts | 473.87 | 1925.91 |
| In fixed deposit account | | |
| With maturity less than 3 months | 690.26 | 1579.26 |
| (An amount of Rs. 6.87 lakhs (previous year Rs. 6.54 Lakhs) held with Bank of Baroda, Bengaluru in respect of a welfare fund constituted for the welfare of the employees is included in Fixed Deposit Account) | | |
| | 1164.63 | 3505.48 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------------|-----------------------------|
| 10 Other bank balances (At amortised Cost) | | |
| Fixed deposits - With maturity more than 3 months but less than 12 months (Fixed Deposit amount of Rs 80.84 Lakhs (Previous year Rs. 115.84 lakhs) marked as Lien in Bank of Baroda) | 3199.90 | 4715.64 |
| Fixed deposits (Other Commitments) - With maturity less than 3 months (Held in Bank of Baroda, Secunderabad as per the orders of High Court of Andhra Pradesh in connection with a case filed by an employee. The Fixed deposit has been closed as advised by the advocate) | 0.00 | 4.38 |
| Fixed Deposits (Margin Money) - With maturity less than 12 months | 125.58 | 72.89 |
| | 3325.48 | 4792.91 |
| 11 Current Loans and Advances (At amortised Cost) | | |
| Unsecured Considered Good | | |
| Advance to employees including imprest to field employees | 74.03 | 66.13 |
| Other advances (Other advances includes an amount of Rs 34.94 Lakhs reduced from Dharwad land, being 26 Guntas Land shortage which is recoverable from Karnataka State Financial Corporation.) | 38.26 | 1.14 |
| | 112.29 | 67.27 |
| 12 Current - other Financial Assets | | |
| Deposits with Government Departments (Refer 12.1) | | |
| Considered good | 112.81 | 104.05 |
| Considered doubtful | 7.12 | 7.12 |
| | 119.93 | 111.17 |
| Less: Provision for Doubtful deposits | (7.12) | (7.12) |
| | 112.81 | 104.05 |
| Interest Accrued on Fixed Deposit | 35.85 | 41.75 |
| Other Receivables | 194.59 | 193.35 |
| Less : Provision-Other Receivables | (177.81) | 0.00 |
| | 16.78 | 193.35 |
| | 165.44 | 339.15 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------------|-----------------------------|
| 12.1 Confirmation of balances in respect of Deposit with Government departments (Current and Non Current) amounting to Rs.119.94 lakhs is awaited (Previous Year Rs. 117.88 lakhs). In the cases where differences are noticed in the confirmations received, the Company has adopted the balance as per Books of Accounts for preparation of Financial statements, after carrying out necessary reconciliations. However, in the opinion of the Company, non-receipt of confirmation of balances will not have any material effect on the financial position of the Company. | | |
| 13 Current Tax Assets (Net) | | |
| Advance Income tax and TDS | 850.30 | 985.12 |
| Less: Provision for Income Tax | (953.18) | (734.13) |
| | (102.88) | 250.99 |
| Income Tax refund receivable | 367.98 | 103.52 |
| | 265.10 | 354.51 |
| 14 Other Current Assets | | |
| Balances with Government Authorities (GST/Excise/Vat) | 1831.63 | 1170.32 |
| Advances for Supplies & others | 41.38 | 16.11 |
| Prepaid expenses | 77.30 | 46.92 |
| | 1950.31 | 1233.35 |
| 14.1 Balances with Government Authorities (GST/Excise/Vat) includes Rs 79.56 Lakhs (Previous Year Rs 79.56 Lakhs) refund receivable from Office of the Dy/Asstt Commissioner of GST (Div -IV) Goa . Refund application filed during the F Y 2018-19 and follow up action for the same is under progress. | | |
| 15 Share Capital | | |
| Authorised | | |
| 1500000 (Prev. year : 1500000) Equity Shares of Rs.100/- each | 1500.00 | 1500.00 |
| | 1500.00 | 1500.00 |
| Issued, Subscribed and Fully Paid up | | |
| 1349000 (Prev. year : 1349000) Equity Shares of Rs.100/- ea ch | 1349.00 | 1349.00 |
| | 1349.00 | 1349.00 |

(All amounts are Rs in Lakh, unless otherwise stated)

(i) Reconciliation of shares outstanding at the beginning and at the end of the year:

| Particulars | As At 31st March 2022 | | As At 31st March 2021 | |
|------------------------------------|-----------------------|---------|-----------------------|---------|
| | Number of shares | Amount | Number of shares | Amount |
| At the beginning of the year | 1349000 | 1349.00 | 1349000 | 1349.00 |
| Add: shares issued during the year | - | - | - | - |
| At the end of the year | 1349000 | 1349.00 | 1349000 | 1349.00 |

(ii) The rights, entitlement and obligation of different classes of equity shares are mentioned here under:

The Company has only one class of Equity Shares having a par value of Rs. 100 per Share. Each holder of Equity Shares is entitled to one vote per Share. The dividend recommended by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended March 31 ,2022 , Final dividend proposed for distribution to Equity Shareholders is Rs.30 (Previous Year - Rs.30) per share.

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

(iii) As per circular no F no 5/2/2016-Policy Government of India, Ministry of Finance, Department of Investment and Public Asset Management (DIPAM) dated 27.05.2016 wherein it is stated that every CPSE would pay a minimum annual dividend of 30 percent of PAT or 5 percent of the net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

The company has short paid the dividend to the tune of Rs 3154 lakhs from FY 2016-17 to FY 2020-21 due to various capital Commitment. As per Para 5.3 of DIPAM Guidelines, Company has sought approval from Administrative Ministry every year.

(iv) Details of shareholders holding more than 5% equity shares of the company:

| Particulars | As At 31st March 2022 | | As At 31st March 2021 | |
|--------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Number of shares | % of total shares | Number of shares | % of total shares |
| President of India | 798180 | 59.17% | 798180 | 59.17% |
| KSIIDC Limited | 550820 | 40.83% | 550820 | 40.83% |
| Total | 1349000 | 100.00% | 1349000 | 100.00% |

(All amounts are Rs in Lakh, unless otherwise stated)

(v) Shares held by Promoters at the end of the year

| Name of Promoters | As At 31st March 2022 | | As At 31st March 2021 | | % Change during the year |
|--------------------|-----------------------|---|-----------------------|---|--------------------------|
| | Number of shares held | % of total Paid-up Equity Share Capital | Number of shares held | % of total Paid-up Equity Share Capital | |
| President of India | 7,98,180 | 59.17% | 7,98,180 | 59.17% | 0.00 |
| KSIIDC Limited | 5,50,820 | 40.83% | 5,50,820 | 40.83% | 0.00 |

- (vi)** As per circular no F no 5/2/2016-Policy Government of India, Ministry of Finance, Department of Investment and Public Asset Management (DIPAM) dated 27.05.2016 wherein it was stated that every CPSE shall issue bonus shares if their defined reserves and surplus is equal to or more than 10 times of its paid up equity share capital. The company has not issued any bonus shares during the year.

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------|-----------------------|
| 16. Other Equity | | |
| General Reserve | | |
| Opening Balance | 20066.94 | 18066.94 |
| Add: Transfer from Surplus in Profit & Loss | 2000.00 | 2000.00 |
| Add: Transfer from CSR fund Reserve | 92.91 | - |
| Add: Transfer from Sustainable Development fund Reserve | 16.66 | - |
| Closing Balance | 22176.51 | 20066.94 |
| CSR fund Reserve | | |
| Opening Balance | 92.91 | 92.91 |
| Less :Transfer to General Reserve | 92.91 | - |
| Closing Balance | 0.00 | 92.91 |
| Sustainable Development Fund Reserve | | |
| Opening Balance | 16.66 | 16.66 |
| Less :Transfer to General Reserve | 16.66 | - |
| Closing Balance | 0.00 | 16.66 |
| Retained Earnings | | |
| Opening balance | 331.67 | 391.09 |
| Add: Net profit/(loss) for the year | 2465.82 | 2318.29 |
| Amount available for appropriation | 2797.49 | 2709.38 |
| Appropriations: | | |
| Transfer to General Reserve | 2000.00 | 2000.00 |
| Final dividend | 404.70 | 377.71 |
| | 2404.70 | 2377.71 |
| Closing balance | 392.79 | 331.67 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------------|-----------------------------|
| Other Comprehensive Income | | |
| Remeasurement Gains/(losses) on defined benefit plans | | |
| Opening Balance | 39.59 | (29.32) |
| Add or (Less) : Items that will not be reclassified to profit or loss | (65.76) | 92.09 |
| Add or (Less) : Income tax relating to Items that will not be reclassified to profit or loss | 16.55 | (23.18) |
| Closing Balance | (9.62) | 39.59 |
| Total Other Equity | 22559.68 | 20547.77 |
| 17 Non Current borrowings | | |
| From Bank of Baroda : Secured (Refer Note No. 19) | | |
| Term Loan | 75.00 | 375.00 |
| | 75.00 | 375.00 |
| Secured against hypothecation of specific fixed assets and continuing security of the Company's other fixed assets on pari passu basis with State Bank of India for working capital limits. | | |
| Current Rs.300.68 lakhs (Refer Note. No. 19) | | |
| (Previous year Rs. 300.00 lakhs) | | |
| Non-Current Rs.75.00 lakhs (previous year Rs. 375.00 lakhs) | | |
| Terms of repayment | | |
| 60 equal monthly instalments of Rs.25 lakhs each commencing from July,2018 Rate of Interest-10.30%-As on 31st March 2022, 15 Instalments are remaining to be paid. There is no default in repayment of the above Term Loan. | | |
| 18 Non Current Provisions | | |
| Provision for employee benefits (Also Refer Note 23): | | |
| Gratuity | 332.36 | 195.52 |
| Sick Leave | 354.47 | 354.54 |
| | 686.83 | 550.06 |
| 19 Current Borrowings | | |
| Secured Loans repayable on demand | | |
| Working Capital Loan from Banks | 0.00 | 0.00 |
| Current Maturities of long term debt (Refer Note 17) | 300.68 | 300.00 |
| | 300.68 | 300.00 |

Working Capital facilities from scheduled banks are secured against hypothecation of stock-in-trade and book debts on pari passu basis and collateral security of fixed assets other than fixed assets charged to Bank of Baroda for Term loan on pari passu basis. Debit balances under Cash credit Hypothecation account are disclosed under Cash and Bank balances. The interest rate is linked to LIBOR.

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

Borrowing Secured against current Assets

| Quarter | Name of Bank | Particulars of security Provided | Amount as per books of account | Amount reported in the quarterly return / statement | Amount of Difference | Reason for material Discrepancies |
|---------|-------------------------|--|--------------------------------------|---|-------------------------|---|
| Jun-21 | Bank of Baroda & SBI | Inventory & Book Debts on Paripassu Basis | 21124 | 20344 | 780 | Debtors beyond cover period |
| Sep-21 | Bank of Baroda & SBI | Inventory& Book Debts on Paripassu Basis | 19501 | 18367 | 1134 | Debtors beyond cover period |
| Dec-21 | Bank of Baroda & SBI | Inventory& Book Debts on Paripassu Basis | 25523 | 23972 | 1551 | Debtors beyond cover period |
| Mar-22 | Bank of Baroda & SBI | Inventory& Book Debts on Paripassu Basis | 23079 | 23173 | -94 | - |

20. Trade payables

| | | |
|------------------------------------|----------------|----------------|
| Due to micro and small enterprises | 2647.00 | 1269.98 |
| Other creditors | 6211.86 | 4434.55 |
| | 8858.86 | 5704.53 |

20.1 Request for confirmation of balances towards Trade Payables was circulated and a few responses received. Confirmations are awaited to an aggregate extent of Rs.6212.33 Lakhs.

In the cases where differences are noticed in the confirmation received, the Company has adopted the balance as per books of accounts for the preparation of Financial Statements after carrying out necessary reconciliations. However, in the opinion of the Company, non receipt of confirmation of balances will not have any material effect on the financial position of the Company.

20.2 Particulars

| | As on 31.03.2022 | As on 31.03.2021 |
|---|------------------|------------------|
| The principal amount remaining unpaid as at the end of the year | 2647.00 | 1269.98 |
| The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| Amount of interest paid by the Company in terms of Section 16 of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year. | - | - |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------------|-----------------------------|
| Amount of interest due and payable for the period of delay in making payment without the interest specified under the Micro Small and Medium Enterprise Development Act, 2006. | - | - |
| The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | - | - |

Trade Payable Ageing Schedule

| As on March 31, 2022 | Outstanding for following period from due date of Payment | | | | |
|----------------------------|---|--------------|--------------|-------------------|----------------|
| | Less Than 1 year | 1-2 Years | 2 - 3 Years | More than 3 Years | Total |
| (i) MSME | 2647.00 | 0.00 | 0.00 | 0.00 | 2647.00 |
| (ii) Others | 5494.50 | 43.70 | 49.77 | 203.76 | 5791.73 |
| (iii) Disputed Dues-Others | 0.00 | 0.00 | 0.00 | 420.13 | 420.13 |
| Total | 8141.50 | 43.70 | 49.77 | 623.89 | 8858.86 |

| As on March 31, 2021 | Outstanding for following period from due date of Payment | | | | |
|----------------------------|---|--------------|---------------|-------------------|----------------|
| | Less Than 1 year | 1-2 Years | 2 - 3 Years | More than 3 Years | Total |
| (i) MSME | 1269.98 | 0.00 | 0.00 | 0.00 | 1269.98 |
| (ii) Others | 3595.56 | 51.65 | 190.93 | 176.28 | 4014.42 |
| (iii) Disputed Dues-Others | 0.00 | 0.00 | 0.00 | 420.13 | 420.13 |
| Total | 4865.54 | 51.65 | 190.93 | 596.41 | 5704.53 |

21 Other current financial liabilities

(at amortised Cost)

| | | |
|---|---------------|---------------|
| EMD and security deposits received (including interest thereon) | 572.67 | 489.13 |
| Creditors for Capital Expenditure | 141.39 | 216.07 |
| | 714.06 | 705.20 |

22 Other current liabilities

| | | |
|------------------------|----------------|----------------|
| Statutory dues payable | 281.27 | 233.49 |
| Advance from customers | 996.07 | 988.40 |
| Outstanding expenses | 2072.08 | 1872.21 |
| Other payables | 23.59 | 22.08 |
| | 3373.01 | 3116.18 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------------|-----------------------------|
| 22.1 Other Payables include Rs.13.61 Lakhs (Previous year Rs. 12.46) being the amount payable towards Executive Welfare Fund Rs 4.80 lakhs (previous year Rs. 4.61 lakhs) and Non-executive welfare fund Rs.8.81 Lakhs (Previous year Rs. 7.85 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs.8.81 lakhs (Previous year 7.85 lakhs) non-executive welfare fund, a sum of Rs.6.87 Lakhs (previous year 6.54 lakhs) is held in the form of Term Deposit with Bank of Baroda, Bengaluru. | | |
| 23 Current Provisions | | |
| Provision for employee benefits (Also refer Note 18) | | |
| Sick Leave | 32.64 | 35.69 |
| Gratuity | 129.84 | 126.67 |
| Provision for Post retirement Health Insurance | 5.00 | 30.01 |
| Provision Others | | |
| Provision for contingencies | 341.25 | 340.75 |
| | 508.73 | 533.12 |

(All amounts are Rs in Lakh, unless otherwise stated)

| PARTICULARS | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| 24. Revenue from operations | | |
| (A) Sale of Products | | |
| Domestic | 44928.85 | 39698.38 |
| Export | 2458.57 | 2917.12 |
| | 47387.42 | 42615.50 |
| (B) Other Operating Revenues | | |
| Loan Licence - Labour | 114.60 | 78.93 |
| Scrap sales | 30.22 | 22.02 |
| | 144.82 | 100.95 |
| | 47532.24 | 42716.45 |
| Disclosure pertaining to IND AS 115 | | |
| Contracted price | 48387.65 | 43599.48 |
| Adjustments | | |
| - Discounts | 16.57 | 77.95 |
| - Sales return | 522.82 | 431.02 |
| - Liquidated Damages | 460.84 | 475.01 |
| | 47387.42 | 42615.50 |
| 25. Other income | | |
| Interest from banks | 219.98 | 137.02 |
| Interest from others | 7.24 | 6.19 |
| Export Incentives | 106.86 | 0.00 |
| Interest on IT refund | 0.00 | 21.99 |
| Foreign exchange fluctuation gain (Net) | 28.60 | 0.00 |
| Freight charges recovered | 0.29 | 6.64 |
| Discounts received from parties | 1.78 | 2.59 |
| Sundry credit balances written back | 0.32 | 198.85 |
| Excess Provision Reversed | 2.24 | 24.12 |
| Scrap -other than Manufacturing | 5.59 | 7.48 |
| Other Non Operating Income | 19.26 | 8.36 |
| | 392.16 | 413.24 |
| 26 Cost of Material Consumed | | |
| A. Raw Materials | | |
| I. Indigenous | 17916.06 | 13685.33 |
| II. Imported | 0.00 | 0.00 |
| | 17916.06 | 13685.33 |

(All amounts are Rs in Lakh, unless otherwise stated)

| PARTICULARS | | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|-------------|--|---------------------------------------|---------------------------------------|
| 26 | B. Packing Materials | | |
| | I. Indigenous | 3880.47 | 3112.04 |
| | | 3880.47 | 3112.04 |
| | (A + B) | 21796.53 | 16797.37 |
| | Net Consumption | 21796.53 | 16797.37 |
| 27 | Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | | |
| | Opening Stock of: | | |
| | Work-in-Progress | 194.56 | 784.04 |
| | Finished Goods | 2870.83 | 1551.46 |
| | Stock-in-Trade | 498.37 | 480.45 |
| | | 3563.76 | 2815.95 |
| | Less: Closing Stock of: | | |
| | Work-in-Progress | 528.66 | 194.56 |
| | Finished Goods | 3014.95 | 2870.83 |
| | Stock-in-Trade | 615.41 | 498.36 |
| | | 4159.02 | 3563.75 |
| | Finished Goods supplied under CSR Expenditure | 7.39 | 0.00 |
| | | (602.65) | (747.80) |
| 28 | Employee benefits expense | | |
| | Salaries, wages, bonus and allowances | 5621.71 | 5483.45 |
| | Contribution to provident fund and other funds | 725.61 | 740.69 |
| | Workmen and staff welfare expenses | 860.96 | 825.96 |
| | | 7208.28 | 7050.10 |
| 29 | Finance Costs | | |
| | Interest on Bank Borrowings | 64.35 | 73.73 |
| | Interest Others | 43.07 | 16.11 |
| | | 107.42 | 89.84 |
| 30 | Depreciation and Amortisation Expenses | | |
| | Depreciation of Property, plant and equipment | 759.83 | 739.26 |
| | Amortisation on Lease Assets | 54.12 | 0.00 |
| | | 813.95 | 739.26 |

(All amounts are Rs in Lakh, unless otherwise stated)

| PARTICULARS | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| 31 Other expenses | | |
| - Manufacturing Expenses | | |
| Consumable Stores and Spares | 168.69 | 129.12 |
| Laboratory expenses | 123.57 | 228.49 |
| Power and Fuel | 950.84 | 784.65 |
| Repairs to Building | 69.18 | 42.71 |
| Repairs to Machinery | 292.14 | 269.19 |
| Contract Labour Charges | 1683.52 | 1606.05 |
| Other manufacturing expenses | 953.72 | 850.78 |
| | 4241.66 | 3910.99 |
| - Selling and Distribution Expenses | | |
| Carriage outwards | 700.01 | 557.13 |
| Commission and Discounts | 3372.31 | 4709.84 |
| Advertisement, Selling and distribution expenses | 314.35 | 334.92 |
| | 4386.67 | 5601.89 |
| - Establishment Expenses | | |
| Rent | 63.16 | 107.38 |
| Rates & Taxes | 183.92 | 145.01 |
| Travelling and conveyance | 467.78 | 334.43 |
| Legal and professional fees | 123.42 | 87.62 |
| General maintenance expenses | 248.38 | 255.98 |
| Bank Commission & Charges | 21.99 | 18.45 |
| Insurance charges | 30.23 | 34.01 |
| Payment to Auditors | | |
| As Auditor | 5.50 | 5.50 |
| Others | 0.00 | 0.20 |
| Communication expenses | 16.93 | 16.07 |
| Printing & Stationery | 32.35 | 30.60 |
| Sundry receivables written off | 10.99 | 2.58 |
| Recruitment and training expenses | 3.09 | 2.07 |
| Foreign exchange fluctuation Loss | 0.00 | 4.91 |
| Miscellaneous expenses | 113.57 | 94.18 |

(All amounts are Rs in Lakh, unless otherwise stated)

| PARTICULARS | For the year ended 31st March 2022 | For the year ended 31st March 2021 |
|--|---------------------------------------|---------------------------------------|
| CSR Expenditure | 58.32 | 53.31 |
| Other provisions | 340.21 | 123.15 |
| | 1719.84 | 1315.45 |
| | 10348.17 | 10828.33 |
| (Rates & Taxes includes Rs.87.21 Lakhs (Previous Year Rs 122.29 Lakhs) GST paid on Sample Medicines sold on which GST Credit not eligible) | | |
| 32. Components of Other Comprehensive Income under Retained earnings | | |
| A (i) Items that will not be reclassified to profit or loss | | |
| Remeasurement Gains/(losses) on defined benefit plans | (65.76) | 92.09 |
| Sub-total | (65.76) | 92.09 |
| A (ii) Income Tax on A(i) | 16.55 | (23.18) |
| Sub-total | 16.55 | (23.18) |
| | (49.21) | 68.91 |

(All amounts are Rs in Lakh, unless otherwise stated)

33. Contingent liabilities

A. Contingent liabilities not provided for:-

i) Claims against Company not acknowledged as debts comprises:

| Nature | As on 31.03.2022 | As on 31.03.2021 |
|---|---------------------|---------------------|
| Sales Tax: Difference in sales tax for non-receipt of Statutory forms | 18.93 | 18.93 |
| Sales Tax: Liability towards sales tax pending in appeal before various appellate Authorities relating to earlier years: | | |
| 1. Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (LST) for the financial year 1999-00 | 7.33 | 7.33 |
| 2. Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (CST) for the financial year 1999-00 | 0.19 | 0.19 |
| 3. Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (LST) for the financial year 2000-01 | 7.14 | 7.14 |
| 4. Exempted Sales of Gauge & Bandages, Feed Supplements, Export sales disallowed & tax imposed (CST) for the financial year 2000-01 | 3.73 | 3.73 |
| 5. Other Claims not acknowledged as debts | | |
| a. Employee Legal cases | 90.00 | 90.00 |
| b. Arbitration award in favour of M/s Ankur Drugs and Pharma Ltd. | 502.02 | 502.02 |

B. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 254.04Lakhs (previous year ₹ 71.19 Lakhs)

34. Employee Benefits:

(a) **Gratuity Plan:** The Company has a defined benefit plan which provides for gratuity payments. The Company has taken a Group Gratuity Scheme Master Policy with Life Insurance Corporation of India. The Gratuity policy provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company.

(All amounts are Rs in Lakh, unless otherwise stated)

The following table set out the status of the Gratuity (funded) plan as required under IND AS19.

| Expenses recognized | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| Current service cost | 177.28 | 194.21 |
| Interest cost | 254.10 | 250.05 |
| Expected return of plan assets | (234.56) | (221.71) |
| Expenses recognized in the Statement of Profit and Loss | 196.82 | 222.55 |

| Reconciliation of present value of the obligation and the fair value of the plan asset | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| Fair value of plan assets at the end of the year | 3182.57 | 3280.02 |
| Present value of obligation at the end of the year | (3644.77) | (3602.21) |
| Assets/(Liability) recognized in the Balance Sheet | (462.20) | (322.19) |

| Change in present value of obligation | Gratuity | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Opening defined obligation | 3602.21 | 3728.85 |
| Interest Cost | 254.10 | 250.05 |
| Current Service Cost | 177.28 | 194.21 |
| Benefits Paid | (419.46) | (453.47) |
| Re-measurements due to: | | |
| Actuarial (Gain)/ loss due to change in demographic assumptions | 0.00 | 0.00 |
| Actuarial (Gain)/ loss due to change in financial assumptions | (70.86) | (69.43) |
| Actuarial (Gain)/loss due to Experience changes | 101.50 | (48.00) |
| Closing defined benefit obligation | 3644.77 | 3602.21 |

| Change in fair value of plan assets | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| Plan assets at the beginning of the year, at fair value | 3280.02 | 3126.61 |
| Expected return on plan assets (estimated) | 234.56 | 221.71 |
| Contributions | 122.57 | 410.52 |
| Benefits settled | (419.46) | (453.47) |
| Actuarial gain/loss on plan assets | (35.12) | (25.35) |
| Plan assets at the end of the year, at fair value | 3182.57 | 3280.02 |

(All amounts are Rs in Lakh, unless otherwise stated)

| Movement in liability recognized in Balance Sheet | As at 31.03.2022 | As at 31.03.2021 |
|--|-----------------------------|-----------------------------|
| Opening Liability | 322.19 | 602.24 |
| Expenses recognized in P&L | 196.82 | 222.55 |
| Remeasurement effect recognized in OCI | 65.76 | (92.08) |
| Contribution paid | (122.57) | (410.52) |
| Closing liability | 462.20 | 322.19 |

| Other Comprehensive Income | As at 31.03.2022 | As at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| Actuarial loss/(gain): | | |
| - due to change in demographic assumptions | 0.00 | 0.00 |
| - due to change in financial assumptions | (70.86) | (69.43) |
| - due to Experience changes | 101.50 | (48.00) |
| Return on Plan Assets (Greater)/Less than Discount rate | 35.12 | 25.35 |
| Total remeasurement effect recognized in OCI | 65.76 | (92.08) |

| Assumptions at the valuation date | As at 31.03.2022 | As at 31.03.2021 |
|--|---|-----------------------------|
| Discount factor | 7.49% | 7.14% |
| Salary escalation rate | 8.44% | 8.44% |
| Rate of return (expected) on plan assets | 7.49% | 7.14% |
| Attrition Rate | 10.00% | 10.00% |
| Mortality | Indian Assured Lives Mortality (2012-14) (Ultimate) | |

| Sensitivity Analysis | As at 31.03.2022 | As at 31.03.2021 |
|---|-----------------------------|-----------------------------|
| A quantitative sensitivity analysis for significant assumptions as at 31.03.2022 is as follows: | Increase/ (Decrease) in DBO | Increase/ (Decrease) in DBO |
| Discount rate + 100 basis points | (202.42) | (201.19) |
| Discount rate - 100 basis points | 227.34 | 226.03 |
| Salary growth + 100 basis points | 122.82 | 128.68 |
| Salary growth - 100 basis points | (130.02) | (135.89) |
| Attrition rate + 100 basis points | (8.64) | (14.62) |
| Attrition rate - 100 basis points | 10.06 | 16.64 |
| Mortality rate 10% up | (0.31) | (0.65) |

(All amounts are Rs in Lakh, unless otherwise stated)

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation by asset category, was as follows:

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|---------------------------|---------------------|---------------------|
| Funds managed by insurers | 100% | 100% |
| Others | - | - |

The expected future cash flows in respect of gratuity were as follows:

| Sensitivity Analysis | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| Expected Contribution | | |
| During the year ended | 129.84 | 126.67 |
| Expected future benefit payments | | |
| 31st March 2022 | - | 417.85 |
| 31st March 2023 | 427.63 | 416.20 |
| 31st March 2024 | 487.33 | 478.38 |
| 31st March 2025 | 454.75 | 424.41 |
| 31st March 2026 | 458.96 | 419.86 |
| 31st March 2027 | 395.01 | - |
| Next 5 year payouts (year ended 31st March 2027-2031) | 1489.97 | 1540.05 |
| Payout above Ten Years | 2648.20 | 2411.87 |
| Vested benefit Obligation as on | 3613.29 | 3555.62 |

- (b) **Provident Fund benefits:** The Company contributed ₹528.79 lakhs and ₹518.65 lakhs to the Provident Fund plan during the year ended 31st March, 2022 and year ended 31st March, 2021, respectively.
- (c) **Compensated absences:** The total liability recorded by the Company towards earned leave obligation was ₹1788.95 lakhs and ₹1711.49 lakhs as at 31st March, 2022 and 31st March, 2021 respectively. The total liability recorded by the Company towards sick leave obligation was ₹ 387.11 lakhs and ₹390.23 lakhs as at 31st March, 2022 and 31st March, 2021 respectively.
- (d) **Voluntary Retirement scheme (VRS):** The Company has not approved VRS for employees during FY 2021-22 and FY 2020-21.
- (e) **Post-Retirement Medical Scheme:** In pursuance of orders of Govt. of India, the Board in its 171st meeting approved for introduction of a scheme called "KAPL Post Superannuation Health Insurance Scheme" for employees retired or spouses of employees (Employees died in service) after 01.01.2017. As per the order maximum contribution is 1.50% of PBT. Accordingly for financial year 2021-22 ₹ 5.00 Lakhs (Previous year ₹ 30.00 Lakhs) are provided. The Company has created a trust to administer the Scheme.

(All amounts are Rs in Lakh, unless otherwise stated)

- 35. Segment Information:** The company is primarily engaged in a single business segment of manufacturing and marketing of pharmaceutical formulations and is managed as ONE entity, for its various activities and is governed by a similar set of risks and returns. Hence, there are no reportable primary segments.

Geographical segments: In view of the management, the Indian and Export markets represent geographical segments.

Sale by market - The following is the distribution of the Company's sales by geographical market:

| Geographical segment | 2021-22 | 2020-21 |
|----------------------|-----------------|-----------------|
| India | 44928.85 | 39698.38 |
| Outside India | 2458.57 | 2917.12 |
| Total | 47387.42 | 42615.50 |

One customer who is contributing more than 10% of Revenue which is a Government organization

Carrying amount of segment assets:

| Geographical segment | 2021-22 | 2020-21 |
|----------------------|-----------------|-----------------|
| India | 38356.81 | 32814.29 |
| Outside India | 377.80 | 460.36 |
| Total | 38734.61 | 33274.65 |

Total cost incurred during the year to acquire segment Property, Plant & Equipment that are expected to be used during more than one period:

| Geographical segment | India 2021-22 | Outside India 2021-22 | India 2020-21 | Outside India 2020-21 |
|----------------------|------------------|--------------------------|------------------|--------------------------|
| Tangible assets | 643.21 | - | 601.75 | - |
| Intangible assets | - | - | - | - |

36. Calculation of earnings per share (Basic and Diluted):-

| Particulars | 2021-22 | 2020-21 |
|---|-----------|-----------|
| 1. Number of equity shares | 1349000 | 1349000 |
| 2. Nominal value per equity share | ₹ 100.00 | ₹ 100.00 |
| 3. Net Profit attributable to equity shares | ₹ 2465.82 | ₹ 2318.29 |
| 4. Basic and Diluted EPS | ₹ 182.79 | ₹ 171.85 |

37. Lease:**(I) Company as a lessee****Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Operating lease commitments – Company as lessee

The Company's lease asset classes primarily consist of leases for Building which is taken on lease wef 01.07.2021. The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Carrying Value of Right of Use Assets-Building

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------|----------------|----------------|
| Opening Balance | 0.00 | 0.00 |
| Additions | 362.63 | 0.00 |
| Depreciation | 54.12 | 0.00 |
| Closing Balance | 308.51 | 0.00 |

Movement in lease liabilities

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------|----------------|----------------|
| Opening Balance | 0.00 | 0.00 |
| Additions | 343.91 | 0.00 |
| Payment of lease liabilities | 35.15 | 0.00 |
| Closing Balance | 308.76 | 0.00 |

Break-up of current and non-current Lease liabilities

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------------|----------------|----------------|
| Non-current lease liabilities | 225.04 | 0.00 |
| Current lease liabilities | 83.72 | 0.00 |
| Total | 308.76 | 0.00 |

Maturity Analysis of Lease Liabilities

| Particulars | March 31, 2022 | March 31, 2021 |
|----------------------|----------------|----------------|
| Less than one year | 54.40 | 0.00 |
| One to Five years | 254.36 | 0.00 |
| More than Five years | 0.00 | 0.00 |
| Total | 308.76 | 0.00 |

38. Expenditure on Corporate Social Responsibility

- (a) Gross amount required to be spent - ₹ 58.32 Lacs (previous year - ₹ 53.31 Lacs)
 (b) Amount spent during the year on:

| Sl. No. | Particulars | Paid | Yet to be paid | Total |
|---------|---------------------------------------|---------------------|-----------------|---------------------|
| (i) | Construction/acquisition of any asset | Nil (PY Nil) | Nil (PY Nil) | Nil (PY Nil) |
| (ii) | On purposes other than (i) above | 58.32 (PY 53.31) | Nil (PY Nil) | 58.32 (PY 53.31) |

(All amounts are Rs in Lakh, unless otherwise stated)

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| (i) Amount required to be spent by the company during the year, | 58.32 | 53.31 |
| (ii) Amount of expenditure incurred | 58.32 | 53.31 |
| (iii) Shortfall at the end of the year | 0 | 0 |
| (iv) Total of previous years shortfall | 0 | 0 |
| (v) Reason for shortfall | - | - |
| (vi) Nature of CSR activities | Health | Health |
| (vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | - | - |
| (viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately. | - | - |

(All amounts are Rs in Lakh, unless otherwise stated)

39. Fair value measurements

- (a) Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

As at March 31, 2022

| Particulars | Amortised Cost | Fair value through other comprehensive Income (FVTOCI) | Fair value through Profit & Loss (FVTPL) | Total Carrying Value | Total Fair Value |
|---------------------------------------|-----------------|--|--|----------------------|------------------|
| Financial Assets: | | | | | |
| - Trade receivables | 14839.19 | 0.00 | 0.00 | 14839.19 | 14839.19 |
| - Cash and Cash equivalents | 1164.63 | 0.00 | 0.00 | 1164.63 | 1164.63 |
| - Other Bank Balances | 3325.48 | 0.00 | 0.00 | 3325.48 | 3325.48 |
| - Loans | 112.35 | 0.00 | 0.00 | 112.35 | 112.35 |
| - Others financial assets | 591.14 | 0.00 | 0.00 | 591.14 | 591.14 |
| Total | 20032.79 | 0.00 | 0.00 | 20032.79 | 20032.79 |
| Financial Liabilities | | | | | |
| - Borrowings | 375.68 | 0.00 | 0.00 | 375.68 | 375.68 |
| - Trade payables | | | | | |
| ▪ Dues to Micro and small Enterprises | 2647.00 | 0.00 | 0.00 | 2647.00 | 2647.00 |
| ▪ Dues to Others | 6211.86 | 0.00 | 0.00 | 6211.86 | 6211.86 |
| Lease Liabilities | 308.76 | 0.00 | 0.00 | 308.76 | 308.76 |
| - Other financial liabilities | 714.06 | 0.00 | 0.00 | 714.06 | 714.06 |
| Total | 10257.36 | 0.00 | 0.00 | 10257.36 | 10257.36 |

(All amounts are Rs in Lakh, unless otherwise stated)

As at March 31, 2021

| Particulars | Amortised Cost | Fair value through other comprehensive Income (FVTOCI) | Fair value through Profit & Loss (FVTPL) | Total Carrying Value | Total Fair Value |
|---------------------------------------|-----------------|--|--|----------------------|------------------|
| Financial Assets: | | | | | |
| - Trade receivables | 8340.71 | 0.00 | 0.00 | 8340.71 | 8340.71 |
| - Cash and Cash equivalents | 3505.48 | 0.00 | 0.00 | 3505.48 | 3505.48 |
| - Other Bank Balances | 4792.91 | 0.00 | 0.00 | 4792.91 | 4792.91 |
| - Loans | 67.27 | 0.00 | 0.00 | 67.27 | 67.27 |
| - Others financial assets | 631.98 | 0.00 | 0.00 | 631.98 | 631.98 |
| Total | 17338.35 | 0.00 | 0.00 | 17338.35 | 17338.35 |
| Financial Liabilities | | | | | |
| - Borrowings | 675.00 | 0.00 | 0.00 | 675.00 | 675.00 |
| - Trade payables | | | | | |
| ▪ Dues to Micro and small Enterprises | 1269.98 | 0.00 | 0.00 | 1269.98 | 1269.98 |
| ▪ Dues to Others | 4434.55 | 0.00 | 0.00 | 4434.55 | 4434.55 |
| - Other financial liabilities | 705.20 | 0.00 | 0.00 | 705.20 | 705.20 |
| Total | 7084.73 | 0.00 | 0.00 | 7084.73 | 7084.73 |

Fair Value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

40. Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

A. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously

(All amounts are Rs in Lakh, unless otherwise stated)

monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of investments, trade and other receivables.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks were past due or impaired as at 31st March, 2022.

Financial assets that are past due but not impaired

The Company's credit period for customers generally ranges from 30 to 180 days. The ageing of trade receivables that are not due and past due but not impaired is given below:

| Particulars | 2021-22 | 2020-21 |
|----------------------|-----------------|----------------|
| < 6 months | 11124.72 | 5045.52 |
| >6 months to 1 year | 1528.98 | 1674.30 |
| >1 year to < 2 years | 1399.06 | 1236.68 |
| >2 years and above | 786.43 | 384.21 |
| Total | 14839.19 | 8340.71 |

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

Reconciliation of the allowances for credit losses

The details of changes in allowances for credit losses during the year ended 31st March, 2022 and 31st March, 2021 are as follows:

| Particulars | 31-Mar-22 | 31-Mar-21 |
|--------------------------------|-----------|-----------|
| Balance as on 1st April | 377.24 | 259.80 |
| Additions made during the year | 240.00 | 313.47 |
| Reversal made during the year | (90.69) | (196.03) |
| Balance as on 31st March | 526.55 | 377.24 |

On account of adoption of IND AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The management believes that there is no material change in allowance for credit losses during the year ended 31st March, 2022 and 31st March, 2021.

(All amounts are Rs in Lakh, unless otherwise stated)

Loans and advances

Loans and advances are predominantly given to employees, suppliers, Customers (EMD) and contractors for business purposes.

The details of changes in provision for doubtful loans and advances during the year ended 31st March, 2022 and 31st March 2021 are as follows:

| Particulars | 2021-22 | 2020-21 |
|---|---------|---------|
| Balance as on 1st April | 7.12 | 7.12 |
| Provision made during the year | | |
| Loans and advances written off during the year | | |
| Provision reversed during the year | | |
| Effect of changes in the foreign exchange rates | | |
| Balance as on 31st March | 7.12 | 7.12 |

B. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating segments of the Company in accordance with practice and limits set by the management. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company had following working capital at the end of the reporting years:

| Particulars | 31st March 2022 | 31st March 2021 |
|-----------------------------------|-----------------|-----------------|
| Current Assets (A) | 30062.11 | 24931.50 |
| Current Liabilities (B) | 13839.06 | 10359.03 |
| Working Capital (C)= (A-B) | 16223.05 | 14572.47 |

(All amounts are Rs in Lakh, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant liabilities:

As on 31st March, 2022

| Particulars | 2023 | 2024 | 2025 | 2026 | Thereafter | Total |
|-----------------------------|----------------|---------------|--------------|--------------|--------------|-----------------|
| Non-current borrowings | - | 75.00 | - | - | - | 75.00 |
| Trade payables | 8858.86 | - | - | - | - | 8858.86 |
| Current borrowings | 300.68 | - | - | - | - | 300.68 |
| Other Financial Liabilities | 714.06 | | | | | 714.06 |
| Lease Liabilities | 54.40 | 64.67 | 76.26 | 89.33 | 24.10 | 308.76 |
| Total | 9928.00 | 139.67 | 76.26 | 89.33 | 24.10 | 10257.36 |

As on 31st March, 2021

| Particulars | 2022 | 2023 | 2024 | 2025 | Thereafter | Total |
|-----------------------------|----------------|---------------|--------------|----------|------------|----------------|
| Non-current borrowings | - | 300.00 | 75.00 | | | 375.00 |
| Trade payables | 5704.53 | - | - | - | - | 5704.53 |
| Current borrowings | 300.00 | - | - | - | - | 300.00 |
| Other Financial Liabilities | 705.20 | | | | | 705.20 |
| Total | 6709.73 | 300.00 | 75.00 | - | - | 7084.73 |

C. Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

D. Foreign exchange risk

The Company's foreign exchange risk arises from its foreign currency revenues and expenses, (primarily in US\$). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR). A significant portion of the Company's export revenues are in this foreign currency, while a significant portion of its costs are in Indian rupees. As a result, if the value of Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

(All amounts are Rs in Lakh, unless otherwise stated)

The following table analyses foreign currency risk in Indian rupees from non-derivative financial instruments as on 31st March 2022

(\$ In Lakhs)

| Particulars | US\$ | Others | Total |
|--------------------|-------------|----------|-------------|
| Assets | | | |
| Trade receivables | 2.75 | - | 2.75 |
| Total | 2.75 | | 2.75 |
| Liabilities | | | |
| Trade payables | - | - | - |
| Total | - | - | - |

The following table analyses foreign currency risk from non-derivative financial instruments as on 31st March 2021

(\$ In Lakhs)

| Particulars | US \$ | Others | Total |
|--------------------|-------------|----------|-------------|
| Assets | | | |
| Trade receivables | 5.40 | - | 5.40 |
| Total | 5.40 | | 5.40 |
| Liabilities | | | |
| Trade payables | - | - | - |
| Total | - | - | - |

The following table analyses foreign currency risk from non-derivative financial instruments as on:

| Particulars | Impact on profit | |
|--------------------------|------------------|-----------------|
| | 31st March 2022 | 31st March 2021 |
| USD sensitivity | | |
| ₹ / USD - Increase by 2% | 4.18 | 7.94 |
| ₹ / USD - Decrease by 2% | (4.18) | (7.94) |

E. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company's investments in deposits is with banks and electricity authorities and therefore do not expose the Company to significant interest rates risk.

(All amounts are Rs in Lakh, unless otherwise stated)

The Company's variable rate borrowing is subject to interest rate risk. Below are the details of exposure to fixed rate and variable rate instruments:

| Particulars | As on 31.03.2022 | As on 31.03.2021 |
|---------------------------|---------------------|---------------------|
| Fixed rate instruments | | |
| Financial assets | | - |
| Financial liabilities | 375.68 | 675.00 |
| Variable rate instruments | | |
| Financial liabilities | 0.00 | 0.00 |

The Company's investments in term deposits is with banks and therefore do not expose the Company to significant interest rates risk.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients and finished dosage formulations, including the raw material components for such active pharmaceutical ingredients and finished dosages. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31st March 2022, the Company had not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

41. Capital Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total equity plus net debt (as shown in the balance sheet)

(All amounts are Rs in Lakh, unless otherwise stated)

The gearing ratios were as follows:

| Particulars | 31st March 2022 | 31st March 2021 |
|---------------------------------|-----------------|-----------------|
| Borrowings | 375.68 | 675.00 |
| Less: Cash and cash equivalents | 1164.63 | 3505.48 |
| Net debt (A) | - | - |
| Equity share capital | 1349.00 | 1349.00 |
| Other equity | 22559.68 | 20547.77 |
| Total Equity (B) | 23908.68 | 21896.77 |
| Equity and net debt (C)=(A+B) | 23908.68 | 21896.77 |
| Gearing ratio (A/C) | NA | NA |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any borrowing in the current period.

42. Related Party Disclosure under Ind AS 24

- a) KAPL is a Joint Sector Company with 59.17% shares by Government of India and 40.83% shares by Government of Karnataka through Karnataka State Industrial and Infrastructure Development Corporation Ltd (KSIIDC). The shareholding of Promoters as on 31.03.2022 as under :

| Sl. No. | Shareholders Name | No. of Shares | % of total shares of the Company | Relationship |
|---------|--------------------|---------------|----------------------------------|-----------------------|
| 1. | President of India | 798180 | 59.17 | Control |
| 2. | KSIIDC | 550820 | 40.83 | Significant Influence |
| | Total | 1349000 | 100.00 | |

Company being a Government Company is exempted from disclosure of related party transactions with government/ government entities vide para 25 of Ind AS 24.

- b) (i) Employee benefit expenses under Note No 28 include remuneration to Mr. Sunil Kumar Kaimal, Managing director (Key Managerial Personnel as per Ind AS-24) are as under:

| Particulars | 31st March 2022 | 31st March 2021 |
|--------------------------|-----------------|-----------------|
| a) Salary and allowances | 37.02 | 35.31 |
| b) Contribution to PF | 3.17 | 2.93 |
| c) Others | 3.84 | 1.76 |
| Total | 44.03 | 40.00 |

(All amounts are Rs in Lakh, unless otherwise stated)

- b) (ii) Employee benefit expenses under Note No 28 include remuneration to other Key Managerial Personnel are as under

| Particulars | Chief Financial Officer | | Company Secretary | |
|--------------------------|-------------------------|--------------|-------------------|--------------|
| | 31-Mar-22 | 31-Mar-21 | 31-Mar-22 | 31-Mar-21 |
| a) Salary and allowances | 17.60 | 15.17 | 17.12 | 14.85 |
| b) Contribution to PF | 1.51 | 1.39 | 1.51 | 1.32 |
| c) Others | 1.39 | 1.07 | 0.23 | 1.32 |
| Total | 20.50 | 17.63 | 18.86 | 17.49 |

- c) Other Directors are paid Sitting fee for attending Board Meetings are as under:

| SI No | Name of Director | 31-Mar-22 | 31-Mar-21 |
|-------|--------------------------|-----------|-----------|
| 1. | Shri T K Anil Kumar | 0.03 | 0.00 |
| 2. | Shri Krishna Kumar Pilli | 0.01 | 0.00 |
| 3. | Shri K P Mohan Raj | 0.01 | 0.00 |
| 4. | Shri B T Khanapure | 0.04 | 0.04 |
| 5. | Smt. Madhuchand Kar | 0.15 | 0.00 |
| 6. | Shri Jawaid Akhtar | 0.00 | 0.04 |
| 7. | Shri Ganga Ram Baderiya | 0.00 | 0.02 |
| 8. | Shri Sumit Garg | 0.00 | 0.03 |
| 9. | Shri M S Srikar | 0.00 | 0.01 |

43. Reconciliation of Effective tax rate

| Particulars | 31.03.2022 | 31.03.2021 |
|---|------------|------------|
| Profit before income taxes | 3251.62 | 3074.08 |
| Enacted tax rate in India | 25.17% | 25.17% |
| Computed tax expense | 818.43 | 773.75 |
| Tax on expenses(deductible)/ non-deductible for tax purpose | (32.39) | 34.63 |
| Tax adjustment for earlier years | (0.24) | (52.59) |
| Income tax expense | 785.80 | 755.79 |
| Effective Tax Rate | 24.17% | 24.59% |

44. Events after the reporting period

The Board of Directors have recommended dividend of ₹ 30/- (Previous Year ₹ 30/-) per fully paid up equity share of ₹ 100/- each, aggregating ₹ 30/- (Previous Year ₹ 30/-) for the financial year 2021-22, which is based on relevant share capital as on March 31, 2022. The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/book closure.

(All amounts are Rs in Lakh, unless otherwise stated)

45. Movement of Provisions during the year

| Particulars | Balance at the beginning of the year | Amount provided during the year | Amount paid/adjusted during the year | Balance at the end of the year |
|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------|
| Provision for Contingencies : | | | | |
| a) Disputed legal cases | 340.75 (310.75) | 0.50 (30.00) | 0 (0) | 341.25 (340.75) |
| TOTAL | 340.75 (310.75) | 0.50 (30.00) | 0 (0) | 341.25 (340.75) |

46. ADDITIONAL INFORMATION ON TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT):**A: LAND AT KADABAGERE – BENGALURU:**

Government of Karnataka has granted 20 acres of land in Survey No. 80(New No.197) and 4 acres and 20 guntas in Survey No. 22 (New No. 196) at Kadabagere village, Dasanpura Hobli, Bengaluru North Taluk, Bengaluru. The RTC in respect of Survey No.80 (New No.197) has been received and in respect of Survey No. 22 (New No.196) is yet to be received. (Land originally granted was reduced from 10 acres to 4 acres 20 guntas. Original RTC issued by Government of Karnataka for 10 acres is available). The Company had applied for survey report from the Government of Karnataka for the above survey numbers. Survey report in respect of Survey No. 80 (New No. 197) was received and encroachment to the extent of approximately 3 acres and 25 Guntas was reported. Besides the encroachment shown in survey report, there is an encroachment to the extent of 1 Acre (approx.) in Survey No. 80 (New No.197) which has not been shown in survey report. The Company has taken up the matter with revenue authorities for mentioning this additional encroachment in the report and eviction of all encroachments. In the meantime, the said survey report has been quashed.

The Company has since fenced the remaining portion of the land. Out of the encroachment of 3 acres and 25 Guntas shown in the survey report, one of the encroached party has filed a civil suit in Civil Judge Court, Bengaluru against the company which is being contested by the company. Subsequently, the case has been transferred to Nelamangala. Further Board had in its 131st Board Meeting held on 19.02.2010, decided to grow medicinal plants in 10 acres in Phase I. Accordingly medicinal plants are being grown at Kadabagere Land.

Company has made application for survey of land of both survey numbers by paying necessary fee and continuously following up with Revenue Department. Letters were addressed to Principal Secretary, Revenue Department by Managing Director of the company requesting for survey and eviction of encroachment vide letters dated 11-07-2018 and 22-03-2019. Letters were also addressed to Deputy Commissioner, Bengaluru, Urban District by Managing Director on 27-07-2018 and 22-03-2019. Letters were also addressed to Joint Director of Land Records on 18-09-2018 and Joint Director of Land Records in turn has written to Assistant Director of Land Records vide letter dated 11-10-2018 and 21-01-2019. Letter was also written again on 21-03-2019 and matter is being followed up. Further we have requested Tahasildar, Bengaluru North Taluka vide letter dated 29-03-2019 for survey of land. During 2019-20 letter was written to Principal Secretary, Revenue Department on 20-03-2020 by Managing Director and letter dated 20-03-2020 was written to Tahasildar Bengaluru North Taluk by Company Secretary and Assistant General Manager (admn). During 2020-21 letter was written to Principal Secretary, Revenue Department on 29-06-2020,17-12-2020 and 31-03-2021and letter dated 29-06-2020 and 31-03-2021 to The Deputy

(All amounts are Rs in Lakh, unless otherwise stated)

Commissioner by Managing Director and letter dated 08-07-2020 and 17-12-2020, was written to Tahasildar Bengaluru North Taluk and letter dated 21-09-2020 to the Asst Director of Land Records by Company Secretary and Assistant General Manager (admn). During 2021-22 letter was written to Principal Secretary, Revenue Department on 31.03.2022 and The Deputy Commissioner, Bangalore Urban District by Company Secretary and Asst. General Manager (Admn). Matter is being followed up.

B. DHARWAD PLANT:

Board at its 157th Meeting held on 26.09.2016 had approved purchase of Pharmaceutical Unit at Dharwad (on 6 Acres and 14 Guntas of land which includes 7 guntas of Kharab A Land) through e-auction of Karnataka State Financial Corporation (KSFC) and authorised Managing Director to decide the Bid amount. Accordingly, against an advertisement appeared in Vijayawani dated 24.10.2016 of Karnataka State Financial Corporation (KSFC), company participated in e-auction and had quoted price of Rs. 517.37 lakhs towards land and building and Rs. 93.64 lakhs towards plant and machinery. The bid of the company was accepted by KSFC as intimated vide letter dated 08.12.2016. After making the payment of the Bid amount, the possession of land, building, plant and machinery was taken on 12.12.2016 in as is where is basis. In pursuance of the Board approval, the activities of renovation were completed and started manufacture of Ayurvedic Products. The accounting of the value of Rs 517.37 lakhs towards land and building was allocated to Land and Building separately based on the Valuation done by Chartered Engineer who has valued the Land for 6 acres and 7 guntas excluding the 7 guntas of Kharab A land.

Company before making registration, requested vide letter dated 17.01.2017 to Tahasildar, Dharwad and also vide letter dated 18.01.2017 to General Manager, M/s Karnataka State Financial Corporation, Bengaluru to survey and fix the Boundary of Survey No. 429/1 and Survey No. 429/2A at Kotur village, NH4, P.B. Road, Belur Industrial Area. As per the letter No. KSFC/BO/DWR/2605/2016-17 dated 04.02.2017 of M/s Karnataka State Financial Corporation (KSFC), the land shown was 6 acres and 14 guntas in total in both the survey Nos. that is under Survey No. 429/1 (5 acres and 18 guntas) and under Survey No. 429/2A (36 Guntas). Based on the request to Survey Department, the Survey of land was got done on 16.03.2017. Based on the Survey Report, noticing that, there is a shortage of land to the extent of 26 Guntas, KAPL requested M/s Karnataka State Financial Corporation (KSFC) to consider the revised land available for the purpose of the cost of the land and refund the differential amount and also register the property in our name.

In view of the above, Company is continuously following it up with M/s KSFC, Dharwad and Bengaluru vide our letters dated 07.06.2017, 05.12.2017 and 29.01.2018 to speed up the matter of refunding the differential amount and for registering the property in the name of M/s Karnataka Antibiotics and Pharmaceuticals Limited (KAPL). The matter was followed up through letter dated 02-07-2018. M/s. Karnataka State Financial Corporation (KSFC) decided to have, joint measurement of the land available. In joint measurement, shortage of land to the extent of 26 guntas is being reported and we have requested for refund of differential amount and registration of property in our name through letters dated 24-01-2019, 09.04.2019, 17.05.2019, 03.02.2020, 31.03.2020, 17.11.2020 and 24.11.2020 and matter is being followed up.

In the meantime, M/s Elvina Pharmaceuticals Limited, Managing Director and Others filed a Writ Petition at Honourable High Court of Karnataka, Dharwad Bench vide Writ Petition No. 100258/2018 against M/s Karnataka State Financial Corporation (KSFC), represented by its Deputy General Manager, Rayapur Taluka, Dharwad Dist. First Party, The Deputy General Manager, M/s Karnataka State Financial Corporation

(All amounts are Rs in Lakh, unless otherwise stated)

(KSFC) Rayapur Taluka, Dharwad Dist. 2nd Party and M/s Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) Represented by its Managing Director, Bengaluru 3rd Party. The company has appointed an advocate to represent the case. The case is still pending and matter being followed up.

Company has registered the Sale Deed dated 16th March 2022, on 7th April 2022, by paying all the statutory dues.

Also company is following it up with M/s Karnataka State Financial Corporation (KSFC) for the refund of the different of amount on a shortage of land to be paid to M/s Karnataka Antibiotics and Pharmaceuticals Limited (KAPL).

47. The details of useful life of the used assets purchased (Dharwad Plant) is as follows:

| ASSET | USEFUL LIFE | | |
|---------------------------|----------------------------|-------------------------|--------------------|
| | As per Companies Act, 2013 | As per Technical Advice | Adopted by Company |
| Buildings | 30 | 39 | 30 |
| Plant and Machinery | 15 | 12 | 12 |
| Electrical Installations | 10 | 12 | 10 |
| Office Equipment | 5 | 3 | 3 |
| Computers and Peripherals | 3 | 2 | 2 |
| Furniture and Fittings | 10 | 2 | 2 |

48. There is no impact on company's ability to continue as a going concern due to outbreak of COVID – 19. We have evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts ;(ii) penalties relating to breaches of agreements, and (iii) termination or deferment of contracts by customers (iv) Fair value assessment . We have concluded that the impact of COVID-19 was not significant based on these estimates for fiscal 2022.

49. Other disclosure

- There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- The Company has not entered into any transactions with struck off companies during the year.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(All amounts are Rs in Lakh, unless otherwise stated)

50. Ratios including reason for variance of more than 25% as required by Schedule III

| Sl. No. | Ratio | Numerator | Denominator | 31 March 2022 | 31 March 2021 | % Change |
|---|---------------------------------|---|--|---------------|---------------|----------|
| 1 | Current ratio | Current Assets | Current Liabilities | 2.17 | 2.41 | -9.96% |
| 2 | Debt- Equity Ratio | Total Debt (Borrowings) | Shareholder's Equity | 0.02 | 0.03 | -33.33% |
| Change is due to decrease in Borrowings | | | | | | |
| 3 | Debt Service Coverage ratio | Earnings before interest, tax, depreciation and exceptional items | Interest Expense + Principal Repayments made during the year for long term loans | 1024.25 | 940.89 | 8.86% |
| 4 | Return on Equity ratio | Profit / (loss) for the period before exceptional items | Average Shareholder's Equity | 10.77% | 11.10% | -2.97% |
| 5 | Inventory Turnover ratio | Cost of goods sold = Cost of material consumed + Change in inventory | Average Inventory | 3.60 | 3.60 | 0.00 |
| 6 | Trade Receivable Turnover Ratio | Revenue from Operations | Average Trade Receivable | 4.10 | 3.66 | 12.02% |
| 7 | Trade Payable Turnover Ratio | Cost of material consumed + Change in inventory + Other expenses excluding impairment & loss on sale of asset | Average Trade Payable | 3.11 | 2.90 | 7.24% |
| 8 | Net Capital Turnover Ratio | Revenue from operations | Working capital = Current assets – Current liabilities | 2.93 | 2.93 | 0.00 |
| 9 | Net Profit ratio | Profit / (loss) for the period before exceptional items | Revenue from operation | 5.19% | 5.43% | -4.42% |
| 10 | Return on Capital Employed | Earnings before interest, tax and exceptional items | Average Capital Employed = Total Equity + Total Debt | 13.83% | 14.02% | -1.36% |
| 11 | Return on Investment | Closing Total Equity- Opening total Equity- Cash paid to shareholders | Opening total Equity | 7.34% | 8.21% | -10.60% |

51. Figures of previous year have been regrouped/rearranged wherever necessary.

This is the notes referred to in
Audit Report of even date
For YOGANANDH & RAM LLP
Chartered Accountants
FRN: 005157S/S200052

Manoj Kumar Jain
Partner
Membership No. 218610

Date : 21st July 2022
Place : Bengaluru

**For and on behalf of Board of Directors of
Karnataka Antibiotics and Pharmaceuticals Limited**
CIN : U24231KA1981GOI004145

SUNIL KUMAR KAIMAL
Managing Director
DIN: 0008528088

JAGADISH CHANDRASHEKAR
Assistant General Manager - Finance

B T KHANAPURE
Director
DIN: 0007778686

SUPRIYA KULKARNI
Company Secretary

(Rs. in Lakhs)

| SL NO | PARTICULARS | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|-------|---|-----------|-----------|-----------|-----------|-----------|-----------|
| 01 | Value of Production | 40551 | 36682 | 38863 | 48957 | 43464 | 47976 |
| 02 | Sales Turnover | 38627 | 35383 | 36036 | 43215 | 42616 | 47387 |
| 03 | Exports(included in 2 above) | 2272 | 2397 | 2803 | 2682 | 2917 | 2459 |
| 04 | Cash Profit | 5108 | 2380 | 3136 | 3868 | 3813 | 4066 |
| 05 | Profit before tax | 4707 | 1903 | 2523 | 3151 | 3074 | 3252 |
| 06 | Profit after tax | 3033 | 1174 | 1582 | 2299 | 2318 | 2466 |
| 07 | Share capital | 1349 | 1349 | 1349 | 1349 | 1349 | 1349 |
| 08 | Reserves & Surplus | 14465 | 15628 | 16609 | 18538 | 20548 | 22560 |
| 09 | Net Worth | 15814 | 16977 | 17958 | 19887 | 21897 | 23909 |
| 10 | Gross Block | 8092 | 8005 | 8443 | 9720 | 10344 | 11050 |
| 11 | Long term borrowings | 310 | 1300 | 975 | 1008 | 675 | 376 |
| 12 | Contribution to Exchequer | 5022 | 6269 | 7370 | 8190 | 8666 | 10158 |
| 13 | Manpower (no) | 731 | 717 | 658 | 681 | 618 | 578 |
| 14 | Average Sales per employee(Rs) | 53 | 49 | 55 | 64 | 69 | 82 |
| 15 | Average production per factory employee (Rs) | 194 | 176 | 197 | 244 | 230 | 270 |
| 16 | Dividend(%) | 18 | 20 | 22 | 28 | 30 | 30 |
| 17 | Book Value per share (Rs) (Face value of Rs.100) | 1172 | 1258 | 1331 | 1474 | 1623 | 1772 |
| 18 | Earning per Share(Rs) (Face value of Rs. 100) | 225 | 87 | 117 | 170 | 172 | 183 |
| 19 | Sundry Debtors to sales (%) | 24 | 29 | 30 | 34 | 20 | 31 |
| 20 | Turnover to gross fixed Assets (%) | 477 | 442 | 427 | 450 | 412 | 429 |
| 21 | Value of closing inventory to Sales (%) | 14 | 15 | 22 | 13 | 15 | 17 |
| 22 | Finance cost to turnover(%) | 0.28 | 0.22 | 0.54 | 0.31 | 0.21 | 0.23 |
| 23 | Material cost to turnover(%) | 45 | 47 | 48 | 50 | 50 | 55 |



Shri Sunil Kumar Kaimal,
Managing Director welcoming
Ms. S. Aparna, IAS, Secretary, DOP
during her visit to Corp. Office
on 12.07.2022



Shri Sunil Kumar Kaimal,
Managing Director addressing all
HODs during the visit of Ms. S.
Aparna, IAS, Secretary ,
DOP to Corp. Office
on 12.07.2022



Ms. S. Aparna, IAS, Secretary,
DOP planting a sapling at factory
during her visit.
MD and other Senior Officers
are also seen.



Ms. S. Aparna, IAS, Secretary, Department of Pharmaceuticals, Government of India, is seen with Shri Sunil Kumar Kaimal, Managing Director along with Heads of the Department during her visit to Plant on 11.02.2022.