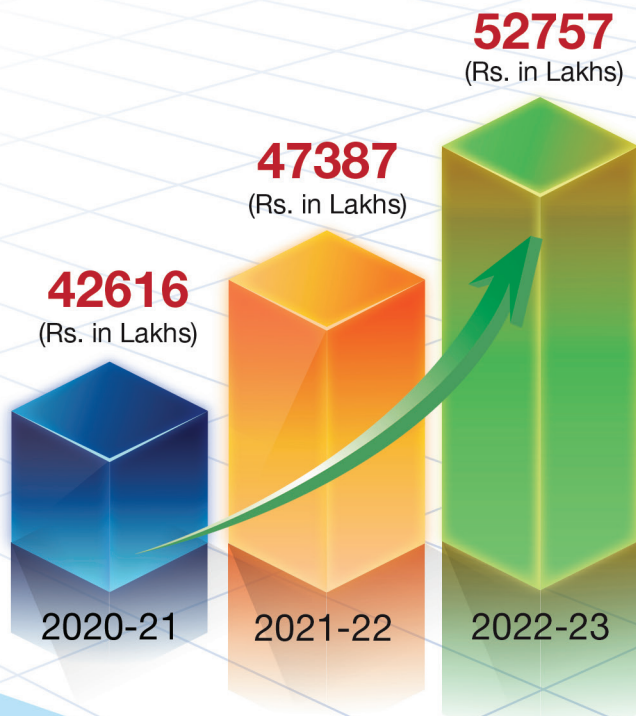




KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

(A Government of India Enterprise)

4ND ANNUAL REPORT 2022-23



**TURN-AROUND
VISION INTO
REALITY**
"HIGHEST SALES OF
RS. 500+ CRORES"

KAPL IS AN
ISO 9001:2015, 14001:2015,
45001:2018 AND 50001:2018
CERTIFIED COMPANY



Punar Prathishtapana and
Shikara Kalasa Prathishtapana
of Lord Sri Vinayaka
held at Kapila Shree Vinayaka Mandira
of Regd. and Corp. Office
On 05.05.2023.



Shri T.K. Anil Kumar, IAS



Dr. M.R. Ravi, IAS



Shri Sunil Kumar Kaimal



Shri Vijay Kumar Srivastava



Shri B.T. Khanapure



Dr. Madhuchanda Kar



BOARD OF DIRECTORS (AS ON 18.07.2023)

Shri Anil Kumar T.K., IAS

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

Shri Sunil Kumar Kaimal

Managing Director, Karnataka Antibiotics and Pharmaceuticals Limited, Arka the Business Centre, Plot No. 37, Site No. 34/4, NTT Main Road, 2nd Phase, Peenya Industrial Area, Bengaluru-560058

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

Shri B T Khanapure

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

Dr. Madhuchanda Kar

Independent Director
DB-106, Saltlake, Sector-1, Bidhannagar(M) North-24
Paraghar, Kolkata-700 064

Shri Vijay Kumar Srivastava

Deputy Secretary, Department of Pharmaceuticals
Ministry of Chemicals & Fertilizers, Government of India
New Delhi – 110 001

SUPRIYA KULKARNI

Company Secretary & Deputy General Manager (Admn.)

STATUTORY AUDITORS

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

INTERNAL AUDITORS

Mr. N. Vishwanathan
Chartered Accountants
No. 85, Vinayaka Layout
2nd Stage, Vijayanagar
Bengaluru - 560 040

BANKERS

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

STATE BANK OF INDIA

Industrial Finance
Residency Road
Bengaluru – 560 025

REGISTERED & CORPORATE OFFICE

ARKA The Business Centre, Plot No. 37, Site No. 34/4, NTT Main Road, 2nd Phase
Peenya Industrial Area, Bengaluru - 560 058. Website: www.kapindia.com

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NOTICE OF THE 42nd ANNUAL GENERAL MEETING

KARNATAKA ANTIBIOTICS & PHARMACEUTICALS LIMITED

(A Government of India Enterprise)

CIN: U24231KA1981GOI004145

Registered office: Arka the Business Centre, Plot No. 37, Site No. 34/4,
NTTF Main Road, 2nd Phase, Peenya Industrial Area, Bengaluru – 560 058

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

AGM NOTICE

Notice is hereby given that the **42nd Annual General Meeting** of the Members of the Company will be held on Friday, 29.09.2023 at 12.00 noon through Video Conference (VC) 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, 2023, 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 to statutory audit as appointment by C&AG for the FY 2023-24.

SPECIAL BUSINESS

4. Payment of Remuneration to Cost Auditors for Financial Year 2023-24

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/- plus applicable Tax, payable to M/s. JH and Associates, who have been appointed as “Cost Auditors” to conduct the audit of Cost Records maintained by the Company for Financial Year ending March 31, 2024 be and is hereby ratified and approved.”

By Order of the Board of Directors

Place : Bangalore

Date : 05.09.2023

(SUPRIYA KULKARNI)

Company Secretary & DGM (Admn)

To:

Members

Note:

1. 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, through all other circulars issued from time to time and the latest being 11/2022 dated 28.12.2022 (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 42nd 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 42nd 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 to be appointed by Comptroller and Auditor General of India for the Financial Year 2023-2024.

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:

Payment of Remuneration to Cost Auditors for Financial Year 2023-24.

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. JH and Associates, with a remuneration of Rs.60,500/- 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, 2024.

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.

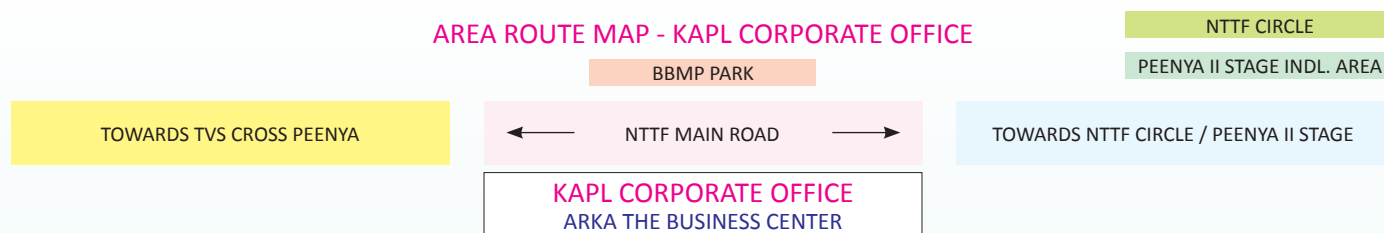
None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 4 of the Notice. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval by the Members.

By Order of the Board of Directors

Place : Bangalore
Date : 05.09.2023

(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 42nd ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BENGALURU ON 29.09.2023.

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 2022-23 is Rs. 527.57 crores. The Directors' Report and accounts of the company for the year ended 31st March 2023 have already been provided to all the share-holders, and with permission of all present here, I shall consider them as read.



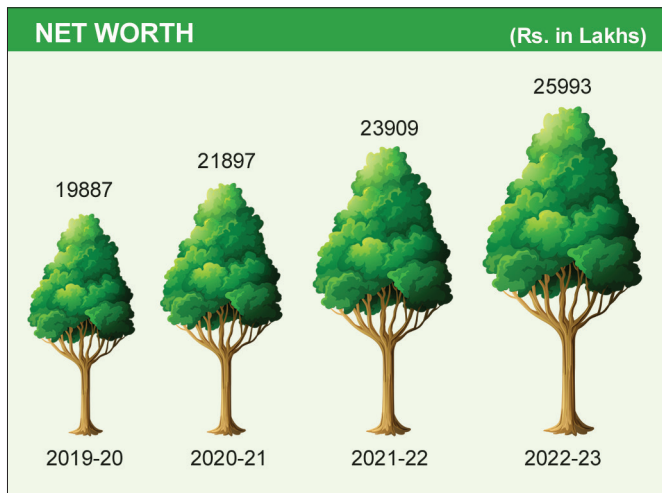
Hindi Pakhwada From 1st to 14th September 2022

3. MACRO ECONOMIC SETTING

During the year 2022-23, the India Economy witnessed GDP growth rate at 16.1%.

4. OPERATIONAL PERFORMANCE

Your Company achieved production value of Rs. 52865 lakhs (previous year Rs. 47976 lakhs). The



Company achieved sales turnover of Rs. 52757 lakhs (previous year Rs. 47387 lakhs).

5. FINANCIAL RESULTS

Your Company has achieved a Profit Before Tax of Rs. 3425 lakhs (previous year Rs. 3252 lakhs) and Profit After Tax of Rs. 2489 lakhs (previous year Rs. 2466 lakhs). The Book Value per share (Face Value of Rs. 100/-) is Rs.1927 (previous year Rs. 1772/-). The Earning per share is Rs. 184/- 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 32 years. For the year 2022-23, Directors have recommended a dividend of 15%.

7. CORPORATE SOCIAL RESPONSIBILITY

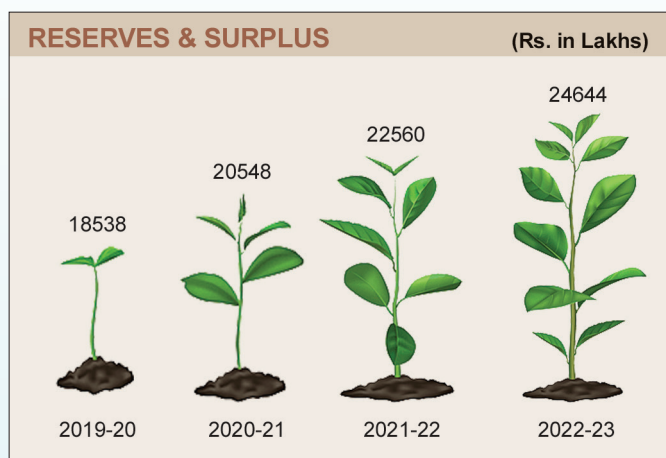
Corporate Social Responsibility (CSR) is an integral part of Corporate Business Strategy of the Company. Health and Education related activities were carried out as CSR activities in 2022-23.

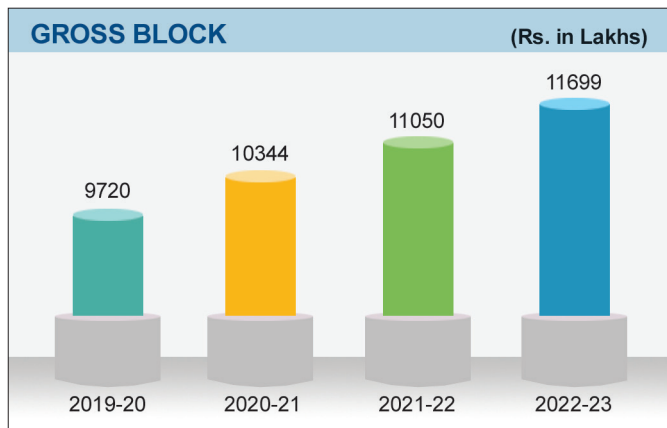
8. CORPORATE GOVERNANCE

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.

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.



Training Programme held
at Factory Training Centre for Non-Officers

- 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 31.03.2023, Profit and Loss Statement for the year ended on that date and the Directors' Report for the adoption.

Place : Bengaluru
Date : 29.09.2023

Chairman

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 2023.

1. HIGHLIGHTS

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

Table - I

PERFORMANCE HIGHLIGHTS				
Rs. In Lakhs				
Sl. No.	Particulars	2020-2021	2021-2022	2022-2023
1.	Production*	43464	47976	52865
2.	Sales	42616	47387	52757
3.	Exports (included in Sl. No.2 above)	2917	2459	4241
4.	Profit before Tax	3074	3252	3425
5.	Profit after Tax	2318	2466	2489
6.	Reserves and Surplus	20548	22560	24644
7.	Paid Up Share Capital	1349	1349	1349
8.	Dividend (%)	30	30	15
9.	Earning per Share (Rs) (Face value Rs 100/-)	172	183	184
10.	Book value of the Share (Rs) (Face value Rs 100/-)	1623	1772	1927

* 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 1425 lakhs has been repaid and balance is Rs. 75 lakhs as on 31.03.2023.

As on 31.03.2023, the borrowing from Banks for working capital requirements was Rs Nil lakhs (previous year Nil). The interest burden for the year was at Rs. Nil lakhs (previous year was Nil).

4. PRODUCTION

Your Company achieved the production value of Rs. 52865 lakhs (previous year Rs. 47976 lakhs). The annual production value per factory employee per annum was Rs. 284 lakhs (previous year Rs. 270 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	2020-2021	2021-2022	2022-2023
1	Liquid Parenterals	137	89	99
2	Vials	78	78	77
3	Tablets	133	112	144
4	Capsules	196	216	292



Shri Sunil Kumar Kaimal, Managing Director hoisting the National Flag on the occasion of 76th Independence Day at Corporate Office.



Pharma Trade Star Award Programme held on 12th July 2022



Agrovet Star Meet, 7th July 2022 held at Bengaluru

6. SALES TURNOVER

Company achieved a sales turnover of Rs. 52757 Lakhs as against Rs. 47387 lakhs achieved during 2021-22. For the financial year 2023-24 Company has proposed Rs. 55000 Lakhs turnover.

With respect to the performance in Branded and Generic segments, during 2022-23, your Company's sales under the Brand "**Grenil**" achieved Rs. 1159 lakhs compared to previous year Rs. 1246 lakhs. Sales Turnover of "**Cyfolac**" group achieved Rs. 548 lakhs as against Rs. 470 lakhs in the previous year. The sales turnover of "**Kaptocin**" achieved Rs. 245 lakhs. The sales of "**Remcc**" brands achieved sales of Rs. 330 lakhs compared to sales of Rs. 299 lakhs in the previous year. Sales turnover of "**Verclav**" has touched to Rs. 263 lakhs as against Rs. 239 lakhs. Also the sales turnover of "**Pop-e**" has achieved Rs. 130 lakhs. Sales turnover of "**Zinfe**" Group has touched to Rs. 224 lakhs as against Rs. 207 lakhs. "**Numol**" group has achieved Rs. 176 lakhs compared to sales of Rs. 163 lakhs in the previous year. Agrovat Products "**Pensbiotic**" has achieved Rs. 331.72 lakhs compared to previous year sales of Rs. 378 lakhs. "**Kalvimin**" has achieved Rs. 496 lakhs compared to previous year sales of Rs. 349 lakhs. "**K Live**" has achieved Rs. 332 lakhs as against Rs. 299 lakhs in the previous year. "**Cetriax**" has achieved turnover of Rs. 320 lakhs compared to sales of Rs. 254 lakhs. "**Cal K**" has achieved Rs. 263 lakhs as against Rs. 233 lakhs during previous year. "**Gentabiotic**" has achieved Rs. 261 lakhs compared to previous year sales of Rs. 206 lakhs. "**K Cythrin**" has achieved Rs. 213 lakhs compared to previous year sales of Rs. 266 lakhs. Turnover of **Numol**, **Pop-e** and **Apifeast Syrup** under Pharma and **Fluvet**, **K-Flox**, **Taspin**, **Fenzole**, **Kalbend**, **Ivermec Injection** and **Sulphasys Bolus** under Agrovat has exceeded Rs. 110 lakhs each.



Employees participating Yoga at Peenya Plant

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

Table III

SALES TURNOVER		Rs. in Lakhs		
Sl. No.	Particulars	2020-2021	2021-2022	2022-2023
1	Liquid Parenterals	5542	3948	4751
2	Liquid Orals and Dry Syrup	1323	1212	3672
3	Vials	8584	12450	11944
4	Tablets	14154	15409	22022
5	Capsules	2138	2685	4645
6	Others	10875	11683	5723
	Total	42616	47387	52757

7. NEW PRODUCTS

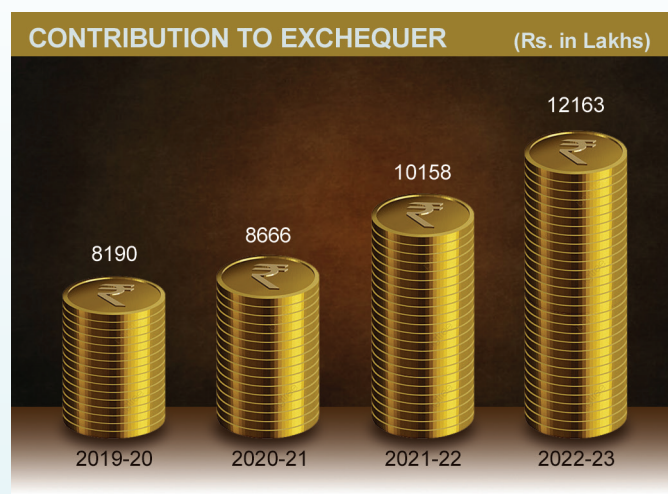
The Company introduced the following products:

1. Pharma:

- Antaf Syrup 200ml – Ulcer Healing Ayurvedic Combination
- Antaf Tablet 1000's Jar – Ulcer Healing Ayurvedic Combination
- Appikap Syrup 200ml – Appetizer Ayurvedic Combination
- Blopure Syrup 200ml – Herbal Blood Purifier
- Dealka 200ml – Urinary Alkalizer
- Dycon Tablet 60's – Anti-diarrheal
- Exol Tablet 1000's & 100's – Hepatoprotective
- K-Gran Powder 100g – Laxative
- K- Thrin Tablet & Syrup – Platelet Booster
- Numol-H Tablet 10x10 & 1000's – Analgesic Ayurvedic Combination
- Zinfe XT Tablet 10x10 - Haematinic

2. Agrovat:

- Fenzole Pet
- Kalvit Pet



- c) K-Live Pet
- d) Mite Out Shampoo
- e) Kapoxur Shampoo

8. EXPORTS

Your Company achieved an export turnover of Rs. 4241 lakhs compared to last year sales of Rs. 2459 lakhs. Exports were made to 17 countries such as Malaysia, Thailand, Phillipines, Namibia, Uganda, Myanmar, Yemen, South Africa, Fiji, Botswana, Zimbabwe, Mozambique, Zambia, Bhutan, Sudan, Sri Lanka, Uzbekistan. The Company has planned to export the medicines to additional Countries, such as Cambodia, Brazil, Peru etc.

9. FINANCIAL RESULTS:

The summarized financial results for the year 2022-23 are furnished below in Table – IV:

Table – IV

FINANCIAL RESULTS			
	(Rs. in Lakhs)		
Particulars	2020-2021	2021-2022	2022-2023
Profit before interest, depreciation and tax:	3903	4119	4770
Less : Interest & other financial charges	90	107	588
Cash Profit	3813	4012	4182
Less : Depreciation	739	760	757
Profit before tax	3074	3252	3425
Less : Provision for taxation	756	786	936
Profit after tax and adjustment	2318	2466	2489

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

Table – V

KEY RATIOS			
Particulars	2020-2021	2021-2022	2022-2023
Earning per Share-Rs. (face value Rs 100/-)	172	183	184
Book value per share – Rs. (face value Rs 100/-)	1623	1772	1927
Turnover to gross Fixed assets (%)	412	429	451
Finance cost to turnover (%)	0.21	0.23	1.11



Shri Sunil Kumar Kaimal, MD welcoming Ms. S. Aparna, IAS, Secretary, DOP at Corp. office on 12th July, 2022

Shri Sunil Kumar Kaimal, Managing Director welcoming Shri N. Yuvaraj, IAS, Joint Secretary, DOP on his visit to KAPL Corp. Office on 6th March, 2023

11. DIVIDEND

Your Company has been declaring dividend for the last 32 years. For the financial year 2022-23, your Directors have pleasure in recommending a dividend @ 15% 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 31.03.2023 were Rs. 24644 lakhs. The reserves and surplus were 18.27 times of the paid up equity capital of Rs. 1349 lakhs. As on 31.03.2023, the net worth of your Company stood at Rs. 25993 lakhs.

13. INVENTORIES AND DEBTORS

The value of total inventories consisting of raw materials, Work in Progress and Finished Goods were Rs. 7262 lakhs which worked out to 13.76% (previous year 17.39%) of sales turnover. As on 31.03.2023, debtors were Rs. 12312 lakhs which was equivalent to 85 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 2022-23, based on internal evaluation, is "good".

15. CONTRIBUTION TO PUBLIC EXCHEQUER

Your Company has contributed a sum of Rs. 12163 lakhs (previous year Rs. 10158 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 new 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 2022-23 to the extent of Rs. 5010.73 lakhs.

17. FOREIGN TRAVEL

During the year 2022-23, no employee was deputed abroad for business purposes. The expenditure incurred in this connection by the Company was Nil.

18. HUMAN RESOURCES

The total manpower of the Company as on 31.03.2023 was 748 Nos. (regulars and FTCs) consisting of 260 Nos. Officers and 488 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.



International Women's Day celebrated at KAPL Factory and Dharwad Plant on 8th March 2023

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 2022-23, training was provided to the extent of 183.75 man days. The expenditure incurred for Training and Development during the year amounted to Rs. 3.74 lakhs.

20. REPRESENTATION OF SC& ST CANDIDATES

The strength of employees belonging to SC/ST category, as on 31.03.2023 was 78 Nos (previous year 86 Nos.)

21. REPRESENTATION OF MINORITIES AND PERSONS WITH DISABILITY

The strength of employees belonging to Minorities category as on 31.03.2023 was 23 Nos. (previous year 23 Nos.).

The strength of employees belonging to persons with Disability category as on 31.03.2023 is 6 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

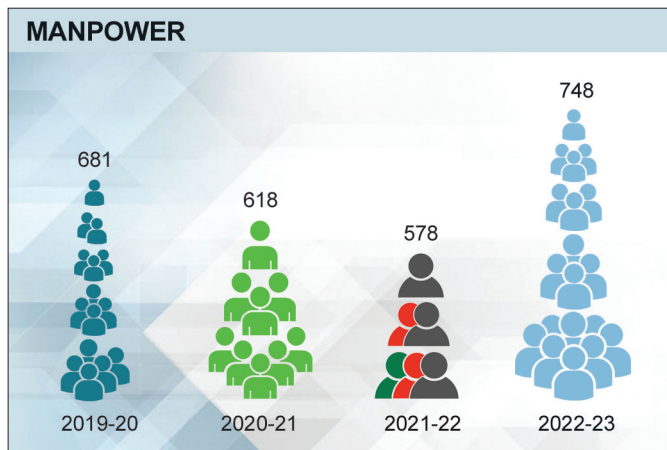
The Company continues various welfare facilities to its employees. The expenditure on the provision of welfare and other amenities during the year amounted to Rs. 942 lakhs (Rs. 861 lakhs during 2021-22).

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, 2023 is available on the Company's Website and can be accessed at the following link.

<http://www.kaplindia.com/wp-content/uploads/2023/09/FORM MGT 7. pdf>

26. BOARD MEETINGS

During the year 2022-23, four Board Meetings were held on 21.07.2022, 30.09.2022, 02.12.2022 and 17.03.2023.

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 the 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 of 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 2023 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.



Tree Plantation by Managing Director Shri Sunil Kumar Kaimal on the occasion of World Environment Day on 5th June 2022

31.4. That the annual accounts for the year ended 31st March 2023 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.

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. 9.70 lakhs on entertainment and Rs. 36.74 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 Krishna Kumar Pilli, ITS	24.01.2022
02	Shri Sumit Garg	09.12.2022

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



Picnic on 13th April, 2022
to Aneundi Resort for Employees of KAPL

Sl.No.	Name	Wef
01	Shri Krishna Kumar Pilli	09.12.2022

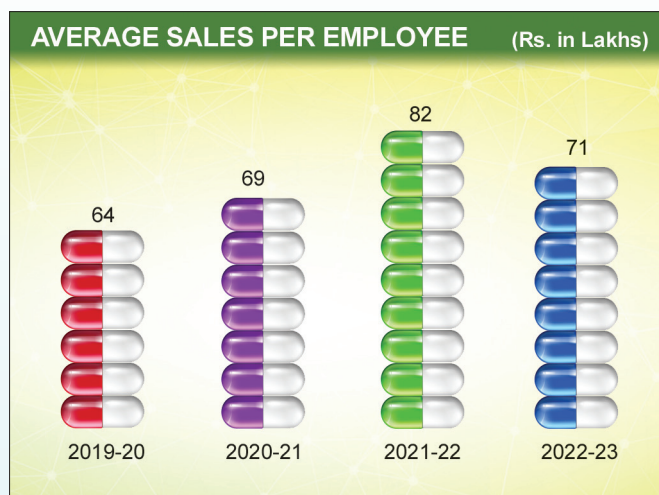
The Board placed on record its deep appreciation of the services rendered by the above outgoing Director during their tenure on the Board.

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 Deputy General Manager (Finance) are appointed as Key Managerial Personnel.

41. ENERGY CONSERVATION MEASURES:

Following steps have been taken in this direction:

Bangalore Plant:

- 1) 20 Nos. LED lamps provided for Street Light.
- 2) Energy loss minimized due to replacement of old compressed airline with new compressed line.
- 3) CFL Lamps replaced with LED lamps in Production Area.

42. ANNUAL GENERAL MEETING

The 41st Annual General Meeting of the Company was held on Friday the 2nd December 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 is also printed in Hindi.

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.



Shri Ramesha .G, Chief Vigilance Officer lighting the lamp on the occasion of Dr. Babasaheb Ambedkar Birth Anniversary

SC/ST Association Office Bearers felicitating Shri Sunil Kumar Kaimal, Managing Director, KAPL

Board's CSR Committee has also been constituted under Chairmanship of Independent Director, Drugs Controller of Karnataka and Managing Director, KAPL 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 2022-23.

46. COST AUDITOR

M/s. J H and Associates were appointed as Cost Auditor for 2022-23. The Cost Audit Report in respect of Cost Accounts of the formulations of the Company for the year ended 31.03.2023 will be filed to Govt. of India in due course.

47. SECRETARIAL AUDITOR

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

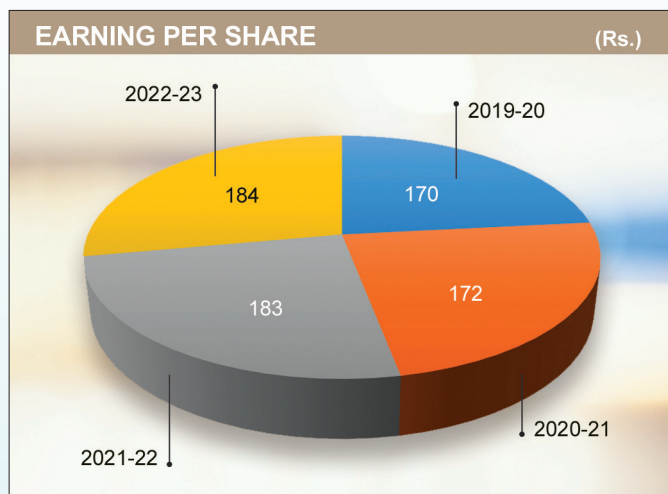
48. COMMENTS ON THE ACCOUNTS BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

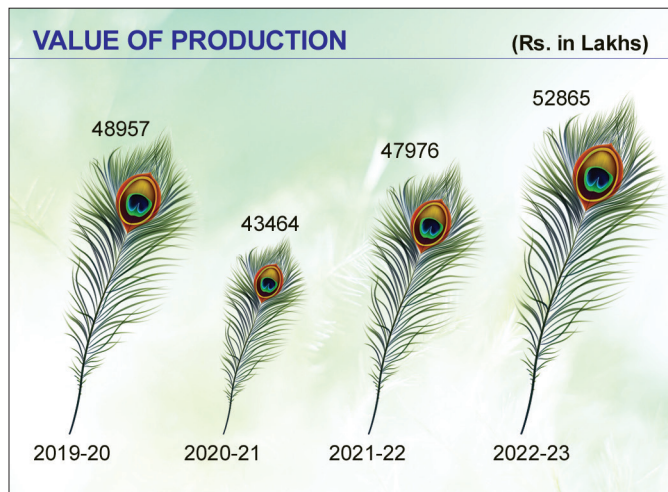
Comments under section 143(6) of the Companies Act, 2013, of the Comptroller and Auditor General of India on the accounts of the Company, for the year ended 31.03.2023 is enclosed.

49. COMPUTERIZATION ACTIVITIES:

During 2022-23, the following activities were undertaken;

- a) Developed and implemented Cost Centre wise Accounting System in IIS.
- b) Implemented Canteen Management System in Factory.
- c) Implemented 2 numbers of Honey Pot System at HO and Factory for Cyber Security as per the





advice from Government of India - National Cyber Co-ordination Centre (NCCC).

- d) Energy Management Systems (EMS) Server installed for monitoring Energy Utilization at Factory.
- e) IIS System configured to make transactions for Bulk Drug Project in Purchase, Stores and Finance Modules.
- f) Implemented Ayush Production Transactions in IIS.

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:

1. 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.
2. No fraud has been reported by the Auditors to the Audit Committee or the Board.
3. There has been no change in the nature of business of the Company.
4. There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
5. There was no instance of one-time settlement with any Bank or Financial Institution.

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



Training Programme held at Factory Training Centre for SM's/AGM's and SC/ST's Employees Association

Welfare Department including Drugs Controller, Commissioner of Health & Family Welfare Services, Addl Director, Karnataka State Drug Logistics & Warehousing Society, Karnataka State Industrial and Infrastructure Development Corporation Limited for their active support and co-operation.

- 51.2 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, Shri Vishwanathan the Internal Auditor, M/s. J H and Associates, the Cost Auditor, Shri K N Nagesha Rao, the Secretarial Auditor, Central as well as Karnataka Pollution Control Boards and others.
- 51.3 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.
- 51.4 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.
- 51.5 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: 18.07.2023

(Dr. Madhuchanda Kar) (Sunil Kumar Kaimal)
Director 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)	9001599	8112120
Total amount (Rs)	84468145	72478800
Rate / Unit (Rs)	9.38	8.93
b. Own generation		
i. Through diesel generator Units	47965	178496
Quantity of Diesel used in Ltrs.	12000	72000
Diesel cost (Rs)	1022874	5557938
Unit per litre of diesel oil	4.00	2.48
Cost / Unit (Rs)	21.33	31.14
ii. Coal		
Quantity (Tonnes)	-	-
Total Cost (Rs)	-	-
Average rate (Rs)	-	-
iii. Furnace Oil		(April-2021 To Dec-2021)
Quantity (litres)	-	186500
Total Cost (Rs)	-	7405862
Average rate(Rs)	-	39.71
iv. Solar Generation, Own Generation		
Units Generated	180312.50	174737
Total Cost (Rs)	1003439.06	972413
Cost/Unit (Rs)	5.57	5.57
c. Piped Natural Gas		(Oct - 2021 to March - 2022)
Consumed Quantity in MMBTU	13556.57	5177.87
Total cost (Rs.)	21773023	7147260
Cost/Unit (Rs.)	1606.09	1380.35

CONSUMPTION, PER LAKH OF PRODUCTION VALUE:

Particulars	Current Year	Previous year
Electricity:		
Rupees	1636	1647
Units	175	160
Piped Natural Gas:		
Rupees	411.86	-
Units (MMBTU)	0.26	-



1ನೇ ನವೆಂಬರ್ 2022ರಂದು ಕನ್ನಡ ರಾಜ್ಯೋತ್ಸವ ಆಚರಣೆಯ ಸಂದರ್ಭದಲ್ಲಿ ಗಣ್ಯ ಅತಿಥಿಗಳೊಂದಿಗೆ ವೇದಿಕೆಯಲ್ಲಿ ಕಂಪನಿಯ ಹಿರಿಯ ಅಧಿಕಾರಿಗಳು, ಕಪಿಲ ಕನ್ನಡ ಸಂಘದ ಪದಾಧಿಕಾರಿಗಳು ಸಹ ಉಪಸ್ಥಿತರಿದ್ದರು.

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. The expenditure incurred towards these activities for the year is Rs. 137.98 lakhs.

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	-	-
Expenditure in foreign currencies for business travels subscription, consumable stores, goods for resale, commission on export sale, etc.	43.62	67.48
Remittance during the year in foreign currency on account of dividend	-	-
TOTAL FOREIGN EXCHANGE EARNED (FOB Value)	3920	2128

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 18.07.2023

(Dr. Madhuchanda Kar) (Sunil Kumar Kaimal)
Director Managing Director

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

- As on 31st March 2023, 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 Govt. of India.
- During the year 2022-23, four Board Meetings were held on 21.07.2022, 30.09.2022, 02.12.2022 and 17.03.2023.

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 31.03.2023	No. of outside Board Committee Membership/ Chairmanship as on 31.03.2023
Shri T K Anil Kumar, IAS	Chairman	4/4	Yes	3	Nil
Shri Sunil Kumar Kaimal	Managing Director	4/4	Yes	Nil	Nil
Dr. M.R. Ravi, IAS	Non Exe Director	1/4	yes	9	Nil
Shri Krishna Kumar Pilli, ITS	Non Exe Director	1/3	Yes	Nil	Nil
Shri B T Khanapure	Non Exe Director	4/4	Yes	Nil	Nil
Dr. Madhuchanda Kar	Independent Director	4/4	Yes	Nil	Nil
Shri Sumit Garg	Non Exe Director	1/1	No	Nil	Nil

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

d) Code of Conduct:

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

3. Audit Committee:

The Paid up Capital of Company as on date is Rs. 13.49 crores. As per Provisions of Section 177 of 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 2022-23.



Blood Donation Camp was organized at Factory Training Centre by MKL Balaga, NGO on 14th June, 2022

Rs. in lakhs

Name of the Director	Salary	Benefits	PF Contribution	Perquisites	Total
Shri Sunil Kumar Kaimal	41.63	-	3.49	3.71	48.83

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 T K Anil Kumar, IAS	4000	-	-
02	Dr. M R Ravi, IAS	1000	-	-
03	Shri Sunil Kumar Kaimal	-	-	-
04	Shri Krishna Kumar Pilli, ITS	1000	-	-
05	Shri B T Khanapure	4000	1000	1000
06	Dr. Madhuchanda Kar	60000	20000	10000
07	Shri Sumit Garg	1000	-	-

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
2021-22	02.12.2022	1200 hrs	Corp. Office, Bangalore
2020-21	17.01.2022	1145 hrs	Corp. Office, Bangalore
2019-20	25.09.2020	1230 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.kapilindia.com

Plant Locations:

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

Dharwad Ayush plant:

Plot no. 429/1/2A, Kotur Village, P B Road, NH-4, Belur, Dharwad - 580011 (Karnataka)

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: 18.07.2023

(Dr. Madhuchanda Kar)
Director

(Sunil Kumar Kaimal)
Managing Director

KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED, BENGALURU.

CSR ACTIVITY FOR THE YEAR 2022-23

1	2	3	4	5	6	7	8
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	Health Camps	Health	Karnataka	-	8,54,000.00	-	Dept. of HFW, Chikabalapura, Karnataka
2	Health/Blood Donation Camps	Health	Karnataka	-	15,20,000.00	-	NGO-Jeevan Aadhar Medical Foundation, Kalburgi
3	Palliative care for Cancer Patients	Health	Karnataka	-	9,90,000.00	-	NGO – Family Planning Assn of India, Bangalore
4	Anamia Chaleo Jao	Health	Karnataka	-		-	
5	Smart Boards	Education	Karnataka	-	7,50,000.00	-	SDMC Primary Govt. School, Bangalore
6	Smart Boards	Education	Karnataka	-	7,50,000.00	-	Govt. Higher Secondary School, Bangalore
7	Brailee Embosser	Education	Karnataka	-	4,98,000.00	-	NGO, Snehadeep Trust for Disabled, Ranebennur
8	Health/ Education	Education	Karnataka	-	9,56,000.00	-	NGO, Swami Vivekananda Social Service Trust, Bangalore
	TOTAL				63,18,000.00		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 18.07.2023

(Dr. Madhuchanda Kar)
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 14th largest in terms of value.

The current market size of Indian Pharmaceutical Industry (including drugs & medical devices) is around US\$ 50 billion. The Pharmaceutical Industry is expected to reach \$ 65 billion by 2024 and 130 billion by 2030.

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.

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.

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 17 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
2020-21	43464	42616	3074	2318
2021-22	47976	47387	3252	2466
2022-23	52865	52757	3425	2489

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 31.03.2023 is 748 Nos.[both regular and Fixed Terms Contract (FTCs)].

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: 18.07.2023

(Dr. Madhuchanda Kar)
Director

(Sunil Kumar Kaimal)
Managing Director

QUALIFICATION OF SECRETARIAL AUDITORS FOR 2022-23

Para No.	Audit observation	Management Reply
8.1	During the financial year 2022-23 the Company did not comply with the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 in as much as, the interval between successive Board Meetings held during the Financial Year 2022-23 was more than three months on two occasions.	The audit observation has been noted. In future, due care shall be taken for compliance w.r.t. Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.
8.2	During the financial year, the Company did not fill up the vacancy of and appoint one Independent Director. Therefore, the Company could not satisfy the requirement of having at least one-third of the Board Members as Independent Directors as required under Section 149 of the Companies Act, 2013 read with the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.	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	The Company held two Audit Committee Meetings during the financial year 2022-23 against four mandated by the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Further in the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of the Audit Committee, Nomination and Remuneration Committee.	<p>The audit observation has been noted. In future, due care shall be taken for compliance w.r.t. Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.</p> <p>Further, as per the provisions of Memorandum and Articles of Association of the Company, Power to appoint Directors is with Government of India. Audit and Nomination and Remuneration committee shall be reconstituted with one more Independent Director once appointed by the Government of India.</p>

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 29.09.2023

(Dr. Madhuchanda Kar)
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 31' March 2023, 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, 2023, 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.
 - v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not required for the financial year ended March 31, 2023.

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

Manoj Kumar Jain
Partner
Membership No.: 218610
UDIN: 23218610BGXKED3897

Place: Bengaluru
Date: 18th July 2023

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, 2023)

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 Company's 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) The Company is maintaining proper records showing full particulars of intangible assets.
 - 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.
 - 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 twice 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 renewed the existing 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 than the fixed assets charged to Bank of Baroda for Term Loan 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, Goods and 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, 2023 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 49 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: 23218610BGXKED3897

Place: Bengaluru
Date: 18th July 2023

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, 2023)

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 restructured 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 Company has not received / receivable 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: 23218610BGXKED3897

Place: Bengaluru

Date: 18th July 2023

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, 2023).

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, 2023 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 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Manoj Kumar Jain
Partner
Membership No.: 218610
UDIN: 23218610BGXKED3897

Place: Bengaluru
Date: 18th July 2023

Secretarial Audit Report for the Financial Year ended 31st March 2023

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

To the Members 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 2023, 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 2023 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.

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 I further report 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 During the financial year 2022-23 the Company did not comply with the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 inasmuch as, the interval between successive Board Meetings held during the Financial Year 2022-23 was more than three months on two occasions.
- 8.2 During the financial year, the Company did not fill up the vacancy of and appoint one Independent Director. Therefore, the Company could not satisfy the requirement of having at least one-third of the Board Members as Independent Directors as required under Section 149 of the Companies Act, 2013 read with the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.
- 8.3 The Company held two Audit Committee Meetings during the financial year 2022-23 against four mandated by the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Further in the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of the Audit Committee as well as the Nomination and Remuneration Committee.

Place : Bengaluru
Date : 5th September, 2023
UDIN No. F003000E000939012
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 2023**

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 : 5th September, 2023

UDIN No. F003000E000939012

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)
डी जी ए सी आर भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110 002
DGACR Building, Indraprastha Estate, New Delhi-110 002

No. CAW/1-27/KAPL/2023-24/130-131

Date: 31.08.2023

सेवा में,

प्रबंध निदेशक,
कर्नाटक एंटीबायोटिक्स और फार्मास्युटिकल्स लिमिटेड,
अर्का-व्यापार केंद्र, प्लॉट नं. 37,
साइट नं. 34/4, एन.टी.टी.एफ. मेन रोड,
पीन्या औद्योगिक क्षेत्र, दूसरा चरण,
बैंगलोर-560058

विषय: भारत के नियंत्रक एवं महालेखापरीक्षक द्वारा कम्पनी अधिनियम 2013 के अनुच्छेद 143 (6)(b) के अंतर्गत कर्नाटक एंटीबायोटिक्स और फार्मास्युटिकल्स लिमिटेड के 31 मार्च 2023 को समाप्त वर्ष के वित्तीय खातों पर टिप्पणियाँ।

महोदय,

इस पत्र के साथ कम्पनी अधिनियम 2013 की धारा 143(6) (बी) के तहत कर्नाटक एंटीबायोटिक्स और फार्मास्युटिकल्स लिमिटेड के 31 मार्च 2023 को समाप्त वर्ष के वित्तीय खातों पर "Non Review Certificate" भेजा जा रहा है।

इस पत्र की पावती भेजने की कृपा करें।

संलग्न: यथोपरि

भवदीय,

2.8.2023
निदेशक (CAW)

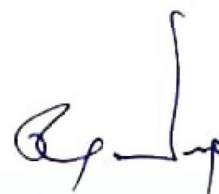
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF KARNATAKA ANTIBIOTICS & PHARMACEUTICALS
LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of **Karnataka Antibiotics & Pharmaceuticals Limited** for the year ended 31 March 2023 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 appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is 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 18.07.2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Karnataka Antibiotics & Pharmaceuticals Limited** for the year ended 31 March 2023 under section 143(6)(a) of the Act.

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

**Place: New Delhi
Dated: 31.08.2023**



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

(Rupees in Lakhs)

PARTICULARS	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets :			
(a) Property, Plant and Equipment	2A	7688.24	7759.45
(b) Intangible Assets	2A	3.15	-
(c) Capital Work in Progress	2B	923.94	33.90
(d) Right-of-use assets	37	995.14	308.51
(e) Financial assets			
- Loans	3	0.02	0.06
- Others	4	419.35	425.70
(f) Deferred tax assets (Net)	5	-	89.93
(g) Other non-current assets	6	2765.56	54.95
Total Non-current assets		12795.40	8672.50
Current assets			
(a) Inventories	7	7262.01	8239.67
(b) Financial assets			
- Trade Receivables	8	12312.07	14839.19
- Cash and cash equivalents	9	1478.26	1164.63
- Bank Balances other than above	10	4788.02	3325.48
- Loans	11	98.33	112.29
- Others	12	208.08	165.44
(c) Current Tax Assets (Net)	13	217.41	265.10
(d) Other current assets	14	1887.20	1950.31
Total Current assets		28251.38	30062.11
TOTAL ASSETS		41046.78	38734.61



BALANCE SHEET AS AT 31st MARCH 2023

(Rupees in Lakhs)

PARTICULARS	Note No.	As at 31 March 2023	As at 31 March 2022
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	1349.00	1349.00
(b) Other equity	16	24644.28	22559.68
Total Equity		25993.28	23908.68
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	17	-	75.00
- Lease Liabilities	37	554.37	225.04
(b) Provisions	18	512.96	686.83
(c) Deferred tax liabilities (Net)	5	27.73	-
Total Non-current Liabilities		1095.06	986.87
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	75.68	300.68
- Trade payables	20		
(i) Dues to Micro and small Enterprises		2420.65	2647.00
(ii) Dues to Others		7144.67	6211.86
- Lease Liabilities	37	68.25	83.72
- Other Financial Liabilities	21	794.42	714.06
(b) Other current Liabilities	22	3069.12	3373.01
(c) Provisions	23	385.65	508.73
Total Current liabilities		13958.44	13839.06
TOTAL EQUITY AND LIABILITIES		41046.78	38734.61

Significant Accounting Policies and accompanying Notes No. 1 to 50 form an integral part of the Financial Statements

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: 08528088

JAGADISH C
Deputy General Manager - Finance

DR. MADHUCHANDA KAR
Independent Director
DIN: 09519016

SUPRIYA KULKARNI
Company Secretary

Date : 18th July 2023
Place : Bengaluru

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2023



(Rupees in Lakhs)

PARTICULARS	Note No.	For the Year ended 31 March 2023	For the Year ended 31 March 2022
REVENUE:			
I. Revenue from operations	24	52889.66	47532.24
II. Other Income	25	749.68	392.16
III. Total Income (I+II)		53639.34	47924.40
IV. EXPENSES:			
Cost of materials consumed	26	22973.60	21796.53
Purchases of Stock-in-Trade		6326.02	5001.08
Changes in inventories of finished goods, work in progress and stock-in-trade	27	(377.13)	(602.65)
Employee benefits expense	28	8049.24	7208.28
Finance Costs	29	587.88	107.42
Depreciation and amortisation expense	30	757.19	813.95
Other expenses	31	11897.14	10348.17
Total Expenses (IV)		50213.94	44672.78
V. Profit before exceptional items and tax (III-IV)		3425.40	3251.62
VI. Exceptional Item		-	-
VII. Profit before tax (V-VI)		3425.40	3251.62
VIII. Tax expense			
a) Current tax		876.47	953.18
b) Deferred Tax		117.49	(167.14)
c) Tax adjustment for earlier years		(57.35)	(0.24)
Total Tax expense		936.61	785.80
IX. Profit for the year (VII-VIII)		2488.79	2465.82



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2023

(Rupees in Lakhs)

PARTICULARS	Note No.	For the Year ended 31 March 2023	For the Year ended 31 March 2022
X. Other comprehensive income	32		
A (i) Items that will not be reclassified to profit or loss		0.68	(65.76)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.17)	16.55
		0.51	(49.21)
XI. Total comprehensive income for the year (IX+X)		2489.30	2416.61
XII. Earnings per equity share of Rs. 100/- each			
Basic and Diluted	36	184.49	182.79

Significant accounting Policies and accompanying Notes No. 1 to 50 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: 08528088

JAGADISH C
Deputy General Manager - Finance

DR. MADHUCHANDA KAR
Independent Director
DIN: 09519016

SUPRIYA KULKARNI
Company Secretary

Date : 18th July 2023
Place : Bengaluru

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2023



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(Rupees in Lakhs)

PARTICULARS	For the Year ended 31 March 2023	For the Year ended 31 March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3425.40	3251.62
Adjustments for non cash & Non operating items:		
Depreciation and amortization	757.19	813.95
Lease remeasurement Charges	37.29	0.00
Interest on Lease	20.88	25.38
Interest received from Banks	(212.41)	(219.98)
Interest expenses seperately considered	25.14	64.35
Interest Provision on Ankur Case	509.78	0.00
Excess provision reversed	(38.14)	(2.24)
Provision for Contingencies	0.00	178.31
Provision for Doubtful Debts	143.33	149.31
Provision made/(withdrawn)for slow moving/ non moving inventory	29.92	12.59
Unrealised Foreign Exchange Loss (Gain)	(10.25)	(4.25)
Loss (Gain) from sale of Fixed Assets	(4.95)	2.40
Sundry Credit balances written back	(340.70)	(0.32)
Operating profit before working capital changes:	4342.48	4271.12
<i>Changes in working capital</i>		
Decrease / (Increase) in Inventories	947.74	(1954.14)
Decrease / (Increase) in Trade and Other Receivables	631.09	(7361.70)
(Decrease) / Increase in Trade Payables and Other Liabilities	55.55	3290.86
Cash generated from operations	5,976.86	(1,753.86)
Income taxes paid	(771.49)	(863.52)
Net cash generated by operating activities	5,205.37	(2,617.38)
B. Cash flow from investing activities		
Purchase of fixed assets, Capital WIP, Capital Advances	(2464.18)	(602.79)
Proceeds from Sale of PPE	9.17	39.53
Interest received from Banks	212.41	219.98
Net cash from investing activities	(2242.60)	(343.28)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(Rupees in Lakhs)

PARTICULARS	For the Year ended 31 March 2023	For the Year ended 31 March 2022
C. Cash flow from financing activities		
Interest paid	(25.14)	(64.35)
Repayment of Long Term Borrowings	(75.00)	(300.00)
Increase/(Decrease) in short term Borrowings	(225.00)	0.68
Registration Charges for Leased Land	(350.15)	(2.59)
Payment of Lease Liabilities	(52.23)	(51.28)
Interest on Lease	(54.38)	(25.38)
Dividend paid on equity shares	(404.70)	(404.70)
Net cash from financing activities	(1186.60)	(847.62)
D. Net changes in cash and cash equivalents (A + B + C)	1,776.17	(3,808.28)
Cash and cash equivalents at the beginning of the year	4490.11	8298.39
Cash and cash equivalents at the end of the year	6266.28	4490.11
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and Cash equivalents as per Balance Sheet	1,478.26	1,164.63
Add: Bank Balances not considered as Cash and Cash Equivalents as defined in IND AS 7 Cash Flow Statement	4,788.02	3,325.48
Net Cash and Cash Equivalents	6,266.28	4,490.11
Cash and Cash equivalents at the end of the year Comprises (also refer note No 9 & 10)		
a) Cash on hand	0.34	0.50
b) In cash Credit	910.70	473.87
c) In fixed deposit account	4,987.47	3,890.16
d) In fixed deposit account-Margin Money	367.77	125.58

Significant Accounting Policies and accompanying Notes No. 1 to 50 form an integral part of the Financial StatementsStatement

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: 08528088

JAGADISH C

Deputy General Manager - Finance

DR. MADHUCHANDA KAR

Independent Director
DIN: 09519016

SUPRIYA KULKARNI

Company Secretary

Date : 18th July 2023

Place : Bengaluru

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



A. EQUITY SHARE CAPITAL

(Rupees in Lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	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 2023	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 2022	392.79	22176.51			(9.62)	22559.68
Profit for the year	2488.79					2488.79
Other Comprehensive Income for the year (Refer Note 32)					0.51	0.51
Total Comprehensive Income	2488.79				0.51	2489.30
Transfer to General Reserve	(2,000.00)	2000.00				
Final dividend	404.70					404.70
Balance as at 31st March 2023	476.88	24176.51			(9.11)	24644.28

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	(2,000.00)	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

Significant Accounting Policies and accompanying Notes No. 1 to 50 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

Date : 18th July 2023

Place : Bengaluru

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

SUNIL KUMAR KAIMAL

Managing Director
DIN: 08528088

JAGADISH C

Deputy General Manager - Finance

DR. MADHUCHANDA KAR

Independent Director
DIN: 09519016

SUPRIYA KULKARNI

Company Secretary

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, NTTF 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 18.07.2023.

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 2022	Additions during the year	Deletions/ Adjustments during the year	As at 31st March 2023	As at 1st April 2022	Depreciation charge for the year	Deletions during the year	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
Tangible assets, owned										
Freehold Land	493.48	0.00	0.00	493.48	0.00	0.00	-	0.00	493.48	493.48
Building	3768.11	122.61	0.00	3890.72	659.35	154.45	-	813.80	3076.92	3108.76
Plant and equipment	6217.45	402.36	0.00	6619.81	2383.75	490.43	-	2874.18	3745.63	3833.70
Furniture and fixtures	345.79	23.13	0.00	368.92	121.72	36.00	-	157.72	211.20	224.07
Office Equipment	53.28	14.20	0.00	67.48	27.66	10.59	-	38.25	29.23	25.62
Computers	141.15	35.10	0.00	176.25	79.49	29.61	-	109.10	67.15	61.66
Canteen Equipments	6.41	27.12	0.00	33.53	4.79	4.58	-	9.37	24.16	1.62
Motor Vehicles	24.40	39.47	18.40	45.47	13.86	5.32	14.18	5.00	40.47	10.54
Sub-Total	11050.07	663.99	18.40	11695.66	3290.62	730.98	14.18	4007.42	7688.24	7759.45
Intangible Assets	0.00	3.31	0.00	3.31	0.00	0.16	-	0.16	3.15	0.00
Sub-Total	0.00	3.31	0.00	3.31	0.00	0.16	0.00	0.16	3.15	0.00
Capital Work in Progress	33.90	890.04	0.00	923.94	0.00	0.00	-	0.00	923.94	33.90
Sub-Total	33.90	890.04	0.00	923.94	0.00	0.00	-	0.00	923.94	33.90
Total	11083.97	1557.34	18.40	12622.91	3290.62	731.14	14.18	4007.58	8615.33	7793.35
Previous Year	10497.62	809.51	223.16	11083.97	2545.72	759.83	14.93	3290.62	7793.35	

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

Note: 1. 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, 2023	Amount in CWIP for period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Project in progress	890.04	33.90	-	-	923.94
Project temporarily suspended	-	-	-	-	-
Total	890.04	33.90	0.00	0.00	923.94

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

- 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 2023	As at 31st March 2022
3. Non Current Financial Assets-Loans (At amortised Cost)		
Advances to Employees	0.02	0.06
	0.02	0.06
4. Non Current Financial Assets-Other (At amortised Cost)		
Deposits with Govt Depts	150.71	123.32
Rent Deposits	61.28	53.26
Security Deposits-Bulk Drug	5.29	-
Investments at fair value through profit or loss Group Leave Encashment Scheme Insurance Policy- (Net of Provision)	202.07	249.12
	419.35	425.70
5. Deferred tax assets/(liabilities) (net)		
Deferred tax assets		
a) Provisions for doubtful debts, claims etc.	36.07	132.52
b) Leave Salary	175.34	126.01
c) Gratuity	80.30	66.09
d) Others	161.98	235.35
	453.69	559.97
Deferred tax Liabilities		
a) Fixed Assets -Written Down Value Difference	481.42	470.04
	481.42	470.04
	(27.73)	89.93
6. Other Non Current Assets (Unsecured considered good)		
Capital Advances	939.52	32.68
Prepaid expenses	66.04	22.27
In fixed deposit account with maturity more than 12 months	1760.00	-
	2765.56	54.95
7. Inventories (At lower of cost and net realisable value)		
Raw materials at KAPL	2684.11	3853.00
Raw materials at loan license parties	29.33	13.12
Less: Provision for Obsolescence	(127.85)	(97.93)
	2585.59	3768.19

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

Particulars	As at 31st March 2023	As at 31st March 2022
Stores & Spares	74.56	70.20
Work-in-Progress	1177.84	528.66
Finished Goods	2107.01	2527.31
Stock-in-trade	730.84	557.71
Goods-in-Transit		
Raw Material	74.25	242.26
Finished Goods	372.50	487.64
Stock-in-trade	139.42	57.70
	7262.01	8239.67
8 Trade receivables (At amortised Cost)		
a) Trade Recivable Considered Good-Secured	481.16	94.90
b) Trade Recivable Considered Good-Unsecured	11830.91	14744.29
c) Trade Receivable which have Significant increase in credit Risk	669.89	526.55
Less: Provision for Trade Receivable which have Significant increase in credit Risk	(669.89)	(526.55)
	12312.07	14839.19
8.1 'Sundry Debtors' includes Rs.8448.76 Lakhs (Previous year Rs. 11547.23 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.4250.94 lakhs (previous year Rs.3642.57 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.		

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

Trade Receivable Ageing Schedule

As on March 31, 2023	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	9858.95	933.70	1190.48	328.94	0.00	12312.07
(ii) Undisputed Trade Receivable - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	669.89	669.89
Less: Provision for Trade Receivable which have Significant increase in credit Risk	0.00	0.00	0.00	0.00	(669.89)	(669.89)
Total	9858.95	933.70	1190.48	328.94	0.00	12312.07

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

Particulars	As at 31st March 2023	As at 31st March 2022
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9 Cash and Cash Equivalents (At amortised Cost)

Cash on hand	0.34	0.50
Balances with banks		
In current accounts	910.70	473.87
In fixed deposit account		
With maturity less than 3 months	567.22	690.26
(An amount of Rs. 7.22 lakhs (previous year Rs. 6.87 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)		
	1478.26	1164.63

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

Particulars	As at 31st March 2023	As at 31st March 2022
10 Other bank balances (At amortised Cost)		
Fixed deposits - With maturity more than 3 months but less than 12 months	4420.25	3199.90
Fixed Deposits (Margin Money) - With maturity less than 12 months (Fixed Deposit amount of Rs 367.77 Lakhs (Previous year Rs. 80.84 lakhs) marked as Lien in Bank of Baroda)	367.77	125.58
	4788.02	3325.48
11 Current Loans and Advances (At amortised Cost)		
Unsecured Considered Good		
Advance to employees including imprest to field employees	61.35	74.03
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.)	36.98	38.26
	98.33	112.29
12 Current - other Financial Assets		
Deposits with Government Departments (Refer 12.1)		
Considered good	99.60	112.81
Considered doubtful	7.12	7.12
	106.73	119.93
Less: Provision for Doubtful deposits	(7.12)	(7.12)
	99.60	112.81
Interest Accrued on Fixed Deposit	90.09	35.85
Other Receivables	18.39	194.59
Less : Provision-Other Receivables	-	(177.81)
	18.39	16.78
	208.08	165.44

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

Particulars	As at 31st March 2023	As at 31st March 2022
12.1 Confirmation of balances in respect of Deposit with Government departments (Current and Non Current) amounting to Rs.111.97 lakhs is awaited (Previous Year Rs. 119.94 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.		
12.2 City Civil and Sessions court upheld the decision of the Arbitration proceedings and hence Excise duty receivable of Rs 177.81 Lakhs from M/s Ankur Drugs Ltd is reversed.		
13 Current Tax Assets (Net)		
Advance Income tax and TDS	871.18	850.30
Less: Provision for Income Tax	(876.47)	(953.18)
	(5.29)	(102.88)
Income Tax refund receivable	222.70	367.98
	217.41	265.10
14 Other Current Assets		
Balances with Government Authorities (GST/Excise/Vat)	1776.07	1831.63
Advances for Supplies & others	15.34	41.38
Prepaid expenses	95.79	77.30
	1887.20	1950.31
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 2023		As At 31st March 2022	
	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 ,2023 , Final dividend proposed for distribution to Equity Shareholders is Rs.15 (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 3945 lakhs from FY 2016-17 to FY 2021-22 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 2023		As At 31st March 2022	
	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 2023		As At 31st March 2022		% 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 2023	As at 31st March 2022
16. Other Equity		
General Reserve		
Opening Balance	22176.51	20066.94
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	24176.51	22176.51
CSR fund Reserve		
Opening Balance	0.00	92.91
Less :Transfer to General Reserve	0.00	92.91
Closing Balance	0.00	0.00
Sustainable Development Fund Reserve		
Opening Balance	0.00	16.66
Less :Transfer to General Reserve	0.00	16.66
Closing Balance	0.00	0.00
Retained Earnings		
Opening balance	392.79	331.67
Add: Net profit/(loss) for the year	2488.79	2465.82
Amount available for appropriation	2881.58	2797.49
Appropriations:		
Transfer to General Reserve	2000.00	2000.00
Final dividend	404.70	404.70
	2404.70	2404.70
Closing balance	476.88	392.79

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

Particulars	As at 31st March 2023	As at 31st March 2022
Other Comprehensive Income		
Remeasurement Gains/(losses) on defined benefit plans		
Opening Balance	(9.62)	39.59
Add or (Less) : Items that will not be reclassified to profit or loss	0.68	(65.76)
Add or (Less) : Income tax relating to Items that will not be reclassified to profit or loss	(0.17)	16.55
Closing Balance	(9.11)	(9.62)
Total Other Equity	24644.28	22559.68
17 Non Current borrowings		
From Bank of Baroda : Secured (Refer Note No. 19)		
Term Loan	0.00	75.00
	0.00	75.00
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.75.68 lakhs (Refer Note. No. 19)		
(Previous year Rs. 300.68 lakhs)		
Non-Current Rs.Nil (previous year Rs. 75.00 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 2023, 3 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	140.04	332.36
Sick Leave	372.92	354.47
	512.96	686.83
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)	75.68	300.68
	75.68	300.68

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)

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-22	Bank of Baroda & SBI	Inventory & Book Debts on Paripassu Basis	21147	19791	1356	Debtors beyond cover period
Sep-22	Bank of Baroda & SBI	Inventory& Book Debts on Paripassu Basis	24565	22487	2078	Debtors beyond cover period
Dec-22	Bank of Baroda & SBI	Inventory& Book Debts on Paripassu Basis	26255	23822	2433	Debtors beyond cover period
Mar-23	Bank of Baroda & SBI	Inventory& Book Debts on Paripassu Basis	19574	17882	1692	Estimated amount given to Bank / Debtors beyond cover period

Particulars	As at 31st March 2023	As at 31st March 2022
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20. Trade payables

Due to micro and small enterprises	2420.65	2647.00
Other creditors	7144.67	6211.86
	9565.32	8858.86

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.8811.53 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 31.03.2023	As on 31.03.2022
The principal amount remaining unpaid as at the end of the year	2420.65	2,647.00
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 2023	As at 31st March 2022
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	-	-

20.3 Trade payable includes Rs 509.78 lakhs provided during FY 2022-23 since the City Civil and Sessions Court upheld the award of Arbitration in the case of M/s Ankur Drugs & Pharma Ltd.

Trade Payable Ageing Schedule

As on March 31, 2023	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	2,420.65	0.00	0.00	0.00	2,420.65
(ii) Others	6,147.26	22.58	42.18	932.65	7,144.67
(iii) Disputed Dues-Others	0.00	0.00	0.00	0.00	0.00
Total	8567.91	22.58	42.18	932.65	9565.32

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	2,647.00	0.00	0.00	0.00	2,647.00
(ii) Others	5,494.50	43.70	49.77	203.76	5,791.73
(iii) Disputed Dues-Others	0.00	0.00	0.00	420.13	420.13
Total	8,141.50	43.70	49.77	623.89	8,858.86

21 Other current financial liabilities (at amortised Cost)

EMD and security deposits received (including interest thereon)	426.33	572.67
Creditors for Capital Expenditure	368.09	141.39
	794.42	714.06

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

Particulars	As at 31st March 2023	As at 31st March 2022
22 Other current liabilities		
Statutory dues payable	364.47	281.27
Advance from customers	636.24	996.07
Outstanding expenses	2044.87	2072.08
Other payables	23.54	23.59
	3069.12	3373.01
22.1 Other Payables include Rs.13.91 Lakhs (Previous year Rs. 13.61 lakhs) being the amount payable towards Executive Welfare Fund Rs 5.23 lakhs (previous year Rs. 4.80 lakhs) and Non-executive welfare fund Rs.8.69 Lakhs (Previous year Rs. 8.81 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs.8.69 lakhs (Previous year 8.81 lakhs) non-executive welfare fund, a sum of Rs.7.22 Lakhs (previous year 6.87 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	19.68	32.64
Gratuity	122.72	129.84
Provision for Post retirement Health Insurance	5.00	5.00
Provision Others		
Provision for contingencies	238.25	341.25
	385.65	508.73

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

PARTICULARS	For the year ended 31st March 2023	For the year ended 31st March 2022
24. Revenue from operations		
(A) Sale of Products		
Domestic	48516.77	44928.85
Export	4240.57	2458.57
	52757.34	47387.42
(B) Other Operating Revenues		
Loan Licence - Labour	99.58	114.60
Scrap sales	32.74	30.22
	132.32	144.82
	52889.66	47532.24
Disclosure pertaining to IND AS 115		
Contracted price	53279.92	48387.65
Adjustments		
- Discounts	26.01	16.57
- Sales return	294.67	522.82
- Liquidated Damages	201.90	460.84
	52757.34	47387.42
25. Other income		
Interest from banks	212.41	219.98
Interest from others	9.24	7.24
Export Incentives	50.81	106.86
Foreign exchange fluctuation gain (Net)	65.96	28.60
Freight charges recovered	3.06	0.29
Discounts received from parties	9.48	1.78
Sundry credit balances written back	340.70	0.32
Excess Provision Reversed	38.14	2.24
Profit on Sale of Assets	4.95	-
Scrap - other than Manufacturing	3.07	5.59
Other Non Operating Income	11.86	19.26
	749.68	392.16
26 Cost of Material Consumed		
A. Raw Materials		
I. Indigenous	18286.18	17916.06
II. Imported	0.00	0.00
	18286.18	17916.06

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

PARTICULARS		For the year ended 31st March 2023	For the year ended 31st March 2022
26	B. Packing Materials		
	I. Indigenous	4687.42	3880.47
		4687.42	3880.47
	(A + B)	22973.60	21796.53
	Net Consumption	22973.60	21796.53
27	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
	Opening Stock of:		
	Work-in-Progress	528.66	194.56
	Finished Goods	3014.95	2870.83
	Stock-in-Trade	615.41	498.37
		4159.02	3563.76
	Less: Closing Stock of:		
	Work-in-Progress	1177.84	528.66
	Finished Goods	2479.51	3014.95
	Stock-in-Trade	870.25	615.41
		4527.60	4159.02
	Finished Goods supplied under CSR Expenditure	8.55	7.39
		(377.13)	(602.65)
28	Employee benefits expense		
	Salaries, wages, bonus and allowances	6308.74	5621.71
	Contribution to provident fund and other funds	798.20	725.61
	Workmen and staff welfare expenses	942.30	860.96
		8049.24	7208.28
29	Finance Costs		
	Interest on Bank Borrowings	25.14	64.35
	Interest Others	562.74	43.07
		587.88	107.42
30	Depreciation and Amortisation Expenses		
	Depreciation of Property, plant and equipment	731.13	759.83
	Amortisation on Lease Assets	26.06	54.12
		757.19	813.95

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

PARTICULARS	For the year ended 31st March 2023	For the year ended 31st March 2022
31 Other expenses		
- Manufacturing Expenses		
Consumable Stores and Spares	143.34	168.69
Laboratory expenses	203.10	123.57
Power and Fuel	1097.55	950.84
Repairs to Building	160.42	69.18
Repairs to Machinery	246.89	292.14
Contract Labour Charges	1817.57	1683.52
Other manufacturing expenses	1093.27	953.72
	4762.14	4241.66
- Selling and Distribution Expenses		
Carriage outwards	752.48	700.01
Commission and Discounts	4297.60	3372.31
Advertisement, Selling and distribution expenses	304.02	314.35
	5354.10	4386.67
- Establishment Expenses		
Rent	15.20	63.16
Rates & Taxes	179.50	183.92
Travelling and conveyance	634.14	467.78
Legal and professional fees	130.31	123.42
General maintenance expenses	248.87	248.38
Bank Commission & Charges	45.93	21.99
Insurance charges	31.86	30.23
Payment to Auditors		
As Auditor	5.55	5.50
Communication expenses	15.66	16.93
Printing & Stationery	43.34	32.35
Sundry receivables written off	9.99	10.99
Recruitment and training expenses	4.66	3.09
Miscellaneous expenses	142.17	113.57
CSR Expenditure	63.18	58.32
Lease Remeasurement Loss	37.29	0.00
Other provisions	173.25	340.21
	1780.90	1719.84
	11897.14	10348.17

(Rates & Taxes includes Rs.116.44 Lakhs (Previous Year Rs 87.21 Lakhs) GST paid on Sample Medicines sold on which GST Credit not eligible).

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

PARTICULARS	For the year ended 31st March 2023	For the year ended 31st March 2022
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	0.68	(65.76)
Sub-total	0.68	(65.76)
A (ii) Income Tax on A(i)	(0.17)	16.55
Sub-total	(0.17)	16.55
	0.51	(49.21)

(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 31.03.2023	As on 31.03.2022
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	72.00	90.00
b. Arbitration award in favour of M/s Ankur Drugs and Pharma Ltd.	-	502.02
City Civil Court has upheld the Arbitration award on 01.08.2022.		

B. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 10782.25 Lakhs (previous year ₹ 254.04 Lakhs).

Government of India approved the Scheme for construction of unit for manufacturing 7-ACA (Aminocephalosporanic acid) under production linked incentive scheme (PLI) at an estimated cost of Rs 27500 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 31.03.2023	As at 31.03.2022
Current service cost	189.58	177.28
Interest cost	259.53	254.10
Expected return of plan assets	(240.18)	(234.56)
Expenses recognized in the Statement of Profit and Loss	208.93	196.82

Reconciliation of present value of the obligation and the fair value of the plan asset	As at 31.03.2023	As at 31.03.2022
Fair value of plan assets at the end of the year	3431.40	3182.57
Present value of obligation at the end of the year	(3694.15)	(3644.77)
Assets/(Liability) recognized in the Balance Sheet	(262.75)	(462.20)

Change in present value of obligation	Gratuity	
	As at 31.03.2023	As at 31.03.2022
Opening defined obligation	3644.77	3602.21
Interest Cost	259.53	254.10
Current Service Cost	189.58	177.28
Benefits Paid	(359.44)	(419.46)
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	44.92	(70.86)
Actuarial (Gain)/loss due to Experience changes	(85.21)	101.50
Closing defined benefit obligation	3694.15	3644.77

Change in fair value of plan assets	As at 31.03.2023	As at 31.03.2022
Plan assets at the beginning of the year, at fair value	3182.57	3280.02
Expected return on plan assets (estimated)	240.18	234.56
Contributions	407.70	122.57
Benefits settled	(359.44)	(419.46)
Actuarial gain/(loss) on plan assets	(39.61)	(35.12)
Plan assets at the end of the year, at fair value	3431.40	3182.57

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

Movement in liability recognized in Balance Sheet	As at 31.03.2023	As at 31.03.2022
Opening Liability	462.20	322.19
Expenses recognized in P&L	208.93	196.82
Remeasurement effect recognized in OCI	(0.68)	65.76
Contribution paid	(407.70)	(122.57)
Closing liability	262.75	462.20

Other Comprehensive Income	As at 31.03.2023	As at 31.03.2022
Actuarial loss/(gain):		
- due to change in demographic assumptions	0.00	0.00
- due to change in financial assumptions	44.92	(70.86)
- due to Experience changes	(85.21)	101.50
Return on Plan Assets (Greater)/Less than Discount rate	39.61	35.12
Total remeasurement effect recognized in OCI	(0.68)	65.76

Assumptions at the valuation date	As at 31.03.2023	As at 31.03.2022
Discount factor	7.55%	7.49%
Salary escalation rate	9.00%	8.44%
Rate of return (expected) on plan assets	7.49%	7.49%
Attrition Rate	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	

Sensitivity Analysis	As at 31.03.2023	As at 31.03.2022
A quantitative sensitivity analysis for significant assumptions as at 31.03.2023 is as follows:	Increase/ (Decrease) in DBO	Increase/ (Decrease) in DBO
Discount rate + 100 basis points	(200.09)	(202.42)
Discount rate - 100 basis points	224.67	227.34
Salary growth + 100 basis points	101.66	122.82
Salary growth - 100 basis points	(113.10)	(130.02)
Attrition rate + 100 basis points	(8.93)	(8.64)
Attrition rate - 100 basis points	10.24	10.06
Mortality rate 10% up	(0.20)	(0.31)

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

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation at 31st March, 2023 and 31st March, 2022, by asset category, was as follows:

Particulars	As at 31.03.2023	As at 31.03.2022
Funds managed by insurers	100%	100%
Others	-	-

The expected future cash flows in respect of gratuity as at 31st March, 2023 were as follows:

Sensitivity Analysis	As at 31.03.2023	As at 31.03.2022
Expected Contribution		
During the year ended	122.72	129.84
Expected future benefit payments		
31st March 2023	-	427.63
31st March 2024	524.81	487.33
31st March 2025	486.36	454.75
31st March 2026	487.33	458.96
31st March 2027	419.70	395.01
31st March 2028	375.98	-
Next 5 year payouts (year ended 31st March 2028-2032)	1316.41	1489.97
Payout above Ten Years	2801.86	2648.20
Vested benefit Obligation as on	3638.42	3613.29

- (b) **Provident Fund benefits:** The Company contributed ₹ 587.71 lakhs and ₹ 528.79 lakhs to the Provident Fund plan during the year ended **31st March, 2023** and year ended 31st March, 2022, respectively.
- (c) **Compensated absences:** The total liability recorded by the Company towards earned leave obligation was ₹ 1989.58 lakhs and ₹ 1788.95 lakhs as at **31st March, 2023** and 31st March, 2022 respectively. The total liability recorded by the Company towards sick leave obligation was ₹ 392.61 lakhs and ₹ 387.11 lakhs as at **31st March, 2023** and 31st March, 2022 respectively.
- (d) **Voluntary Retirement scheme (VRS):** The Company has not approved VRS for employees during FY 2022-23 and FY 2021-22.
- (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 2022-23 ₹ 5.00 Lakhs (Previous year ₹ 5.00 Lakhs) is 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	2022-23	2021-22
India	48516.77	44928.85
Outside India	4240.57	2458.57
Total	52757.34	47387.42

Carrying amount of segment assets:

Geographical segment	2022-23	2021-22
India	40546.03	38356.81
Outside India	500.75	377.80
Total	41046.78	38734.61

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 2022-23	Outside India 2022-23	India 2021-22	Outside India 2021-22
Tangible assets	1557.34	-	643.21	-
Intangible assets	-	-	-	-

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

Particulars	2022-23	2021-22
1. Number of equity shares	13,49,000	13,49,000
2. Nominal value per equity share (in ₹)	₹ 100.00	₹ 100.00
3. Net Profit attributable to equity shares	₹ 2,488.79	₹ 2,465.82
4. Basic and Diluted EPS (in ₹)	₹ 184.49	₹ 182.79

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 and Land. 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

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

Particulars	March 31, 2023	March 31, 2022
Opening Balance - Gross Block	362.63	0.00
Add: Additions	738.88	362.63
Less: Re-Measurement	19.16	0.00
Less: Accumulated Depreciation	87.21	54.12
Closing Balance	995.14	308.51

Movement in lease liabilities

Particulars	March 31, 2023	March 31, 2022
Opening Balance	308.76	0.00
Add: Additions	360.76	343.91
Add: Re-measurement	7.49	0.00
Less: Payment of lease liabilities	54.39	35.15
Closing Balance	622.62	308.76

Break-up of current and non-current Lease liabilities

Particulars	March 31, 2023	March 31, 2022
Non-current lease liabilities	554.37	225.04
Current lease liabilities	68.25	83.72
Total	622.62	308.76

Maturity Analysis of Lease Liabilities

Particulars	March 31, 2023	March 31, 2022
Less than one year	68.25	83.72
One to Five years	193.68	225.04
More than Five years	360.69	0.00
Total	622.62	308.76

38. Expenditure on Corporate Social Responsibility

- (a) Gross amount required to be spent - ₹ 63.18 Lacs (previous year - ₹ 58.32 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	63.18 (PY 58.32)	Nil (PY Nil)	63.18 (PY 58.32)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Amount required to be spent by the company during the year	63.18	58.32
(ii) Amount of expenditure incurred	63.18	58.32
(iii) Shortfall at the end of the year	0.00	0.00
(iv) Total of previous years shortfall	0.00	0.00
(v) Reason for shortfall	-	-
(vi) Nature of CSR activities	Health & Education	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, 2023

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	12312.07	0.00	0.00	12312.07	12312.07
- Cash and Cash equivalents	1478.26	0.00	0.00	1478.26	1478.26
- Other Bank Balances	4788.02	0.00	0.00	4788.02	4788.02
- Loans	98.35	0.00	0.00	98.35	98.35
- Others financial assets	627.43	0.00	0.00	627.43	627.43
Total	19304.13	0.00	0.00	19304.13	19304.13
Financial Liabilities					
- Borrowings	75.68	0.00	0.00	75.68	75.68
- Trade payables					
▪ Dues to Micro and small Enterprises	2420.65	0.00	0.00	2420.65	2420.65
▪ Dues to Others	7144.67	0.00	0.00	7144.67	7144.67
Lease Liabilities	622.62	0.00	0.00	622.62	622.62
- Other financial liabilities	794.42	0.00	0.00	794.42	794.42
Total	11058.04	0.00	0.00	11058.04	11058.04

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

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

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, 2023.

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	2022-23	2021-22
< 6 months	9858.95	11124.71
>6 months to 1 year	933.70	1528.98
>1 year to < 2 years	1190.48	1399.06
>2 years and above	328.94	786.44
Total	12312.07	14839.19

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, 2023 and 31st March, 2022 are as follows:

Particulars	31-Mar-23	31-Mar-22
Balance as on 1st April	526.55	377.24
Additions made during the year	251.41	240.00
Reversal made during the year	(108.07)	(90.69)
Balance as on 31st March	669.89	526.55

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, 2023 and 31st March, 2022.

(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, 2023 and 31st March 2022 are as follows:

Particulars	2022-23	2021-22
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 2023	31st March 2022
Current Assets (A)	28251.38	30062.11
Current Liabilities (B)	13958.44	13839.06
Working Capital (C)= (A-B)	14292.94	16223.05

(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, 2023

Particulars	2024	2025	2026	2027	Thereafter	Total
Non-current borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Trade payables	9565.32	0.00	0.00	0.00	0.00	9565.32
Current borrowings	75.68	0.00	0.00	0.00	0.00	75.68
Other Financial Liabilities	794.42	0.00	0.00	0.00	0.00	794.42
Lease Liabilities	68.25	78.85	90.62	24.19	360.71	622.62
Total	10503.67	78.85	90.62	24.19	360.71	11058.04

As on 31st March, 2022

Particulars	2023	2024	2025	2026	Thereafter	Total
Non-current borrowings	0.00	75.00	0.00	0.00	0.00	75.00
Trade payables	8858.86	0.00	0.00	0.00	0.00	8858.86
Current borrowings	300.68	0.00	0.00	0.00	0.00	300.68
Other Financial Liabilities	714.06	0.00	0.00	0.00	0.00	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

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 2023

(\$ In Lakhs)

Particulars	US\$	Others	Total
Assets			
Trade receivables	5.99	-	5.99
Total	5.99		5.99
Liabilities			
Trade payables	-	-	-
Total	-	-	-

The following table analyses foreign currency risk 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:

Particulars	Impact on profit	
	31st March 2023	31st March 2022
USD sensitivity		
₹ / USD - Increase by 2%	9.85	4.18
₹ / USD - Decrease by 2%	(9.85)	(4.18)

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 31.03.2023	As on 31.03.2022
Fixed rate instruments		
Financial assets		
Financial liabilities	75.68	375.68
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 2023, 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 2023	31st March 2022
Borrowings	75.68	375.68
Less: Cash and cash equivalents	1478.26	1164.63
Net debt (A)	-	-
Equity share capital	1349.00	1349.00
Other equity	24644.28	22559.68
Total Equity (B)	25993.28	23908.68
Equity and net debt (C)=(A+B)	25993.28	23908.68
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 31.03.2023 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 2023	31st March 2022
a) Salary and allowances	41.63	37.02
b) Contribution to PF	3.49	3.17
c) Others	3.71	3.84
Total	48.83	44.03

(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-23	31-Mar-22	31-Mar-23	31-Mar-22
a) Salary and allowances	20.43	17.60	19.25	17.12
b) Contribution to PF	1.70	1.51	1.70	1.51
c) Others	1.53	1.39	2.71	0.23
Total	23.66	20.50	23.66	18.86

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

SI No	Name of Director	31-Mar-23	31-Mar-22
1.	Shri T K Anil Kumar, IAS	0.03	0.03
2.	Shri Krishna Kumar Pilli, ITS	0.01	0.01
3.	Shri K P Mohan Raj, IAS	0.00	0.01
4.	Shri B T Khanapure	0.05	0.04
5.	Dr. Madhuchanda Kar	0.90	0.15
6.	Dr. M R Ravi, IAS	0.01	0.00
7.	Shri Sumit Garg	0.01	0.00

43. Reconciliation of Effective tax rate

Particulars	31.03.2023	31.03.2022
Profit before income taxes	3425.40	3251.62
Enacted tax rate in India	25.17%	25.17%
Computed tax expense	862.17	818.43
Tax on expenses (deductible)/ non-deductible for tax purpose	131.79	(32.39)
Tax adjustment for earlier years	(57.35)	(0.24)
Income tax expense	936.61	785.80
Effective Tax Rate	27.34%	24.17%

44. Events after the reporting period

The Board of Directors have recommended dividend of ₹ 15/- (Previous Year ₹ 30/-) per fully paid up equity share of ₹ 100/- each, aggregating ₹ 15/- (Previous Year ₹ 30/-) for the financial year 2022-23, which is based on relevant share capital as on March 31, 2023. 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	341.25 (340.75)	37.00 (0.50)	140.00 (0)	238.25 (341.25)
TOTAL	341.25 (340.75)	37.00 (0.50)	140.00 (0)	238.25 (341.25)

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, Bangalore North Taluk, Bangalore. The RTC in respect of Survey No.80 (New No.197) has been received and in respect of Survey No.22 (New No.196) is yet to be received (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). Revenue Tax for total 10 acres has been accepted for financial year 2022-23, which confirms owner ship rights of KAPL on 4 acres 20 guntas. Efforts are on to obtain Mutation certificate for 4 acres 20 guntas. 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 approximate 3 acres and 25 guntas was reported. Besides the encroachment shown in survey report, there is an encroachment to the extent of 1 Acre (apprx.) 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 mean time they 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, Bangalore 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 company requesting for survey and eviction of encroachments vide letter 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. Further we have requested Tahashildar, Bangalore North Taluk vide letter dated 29.03.2019 for survey of land.

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

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 Tahashildar 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 31.03.2021 and letter dated 29.06.2020 and 31.03.2021 to The Deputy 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. Gen. Manager (Admn.). The Principal Secretary, Revenue Department wrote a letter to The Commissioner, Bengaluru Urban District the copy of which was received at M/s. Karnataka Antibiotics and Pharmaceuticals Limited, on 20.05.2022.

During Financial year 2022-23 letters dated 29.11.2022 and 01.02.2023 were written to The Asst. Director of Land Records, Bengaluru North Land Revenue & Land Record department by Company Secretary and Deputy General Manager (Admn.). The 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 7guntas 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.517.37lakhs 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 Tahashildar, 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 Sy. 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 continuously followed up with M/s. Karnataka State Financial Corporation (KSFC), Dharwad and Bengaluru vide our letter 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 M/s. Karnataka Antibiotics and Pharmaceuticals Limited(KAPL). The matter was followed up through letter dated 02.07.2018. M/s.

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

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 different 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 mean time M/s. Elvina Pharmaceuticals Limited, Managing Director & Others filed a Writ Petition at Hon'ble 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 Taluk, Dharwad Dist. First Party, The Deputy General Manager, M/s. Karnataka State Financial Corporation (KSFC) Rayapur Taluk, Dharwad Dist. 2nd Party and M/s. Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) Represented by its Managing Director, Bangalore 3rd Party. The company has appointed an Advocate to represent the case. The case is still pending and matter being followed up.

The registration of Dharwad Land has been completed on 7th April 2022 by paying all the statutory dues.

Also the Company is following it up with M/s. Karnataka State Financial Corporation (KSFC) for the refund of differential amount on 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. 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)

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

Sl. No.	Ratio	Numerator	Denominator	31 March 2023	31 March 2022	% Change
1	Current ratio	Current Assets	Current Liabilities	2.02	2.17	-6.91%
2	Debt- Equity Ratio	Total Debt (Borrowings)	Shareholder's Equity	0.00	0.02	-100.00%
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	537.29	1024.25	-47.54%
4	Return on Equity ratio	Profit / (loss) for the period before exceptional items	Average Shareholder's Equity	9.97%	10.77%	-7.43%
5	Inventory Turnover ratio	Cost of goods sold = Cost of material consumed + Change in inventory	Average Inventory	3.73	3.60	3.61%
6	Trade Receivable Turnover Ratio	Revenue from Operations	Average Trade Receivable	3.90	4.10	-4.88%
7	Trade Payable Turnover Ratio	Cost of material consumed + Change in inventory + Other expenses excluding impairment & loss on sale of asset	Average Trade Payable	2.99	3.11	-3.86%
8	Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets – Current liabilities	3.70	2.93	26.28%
9	Net Profit ratio	Profit / (loss) for the period before exceptional items	Revenue from operation	6.48%	6.84%	-5.26%
10	Return on Capital Employed	Earnings before interest, tax and exceptional items	Average Capital Employed = Total Equity + Total Debt	15.39%	13.83%	11.28%
11	Return on Investment	Closing Total Equity- Opening total Equity- Cash paid to shareholders	Opening total Equity	7.03%	7.34%	-4.22%

50. 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

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

SUNIL KUMAR KAIMAL
Managing Director
DIN: 08528088

DR. MADHUCHANDA KAR
Independent Director
DIN: 09519016

JAGADISH C
Deputy General Manager - Finance

SUPRIYA KULKARNI
Company Secretary

Date : 18th July 2023
Place : Bengaluru

(Rs. in Lakhs)

SL NO	PARTICULARS	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
01	Value of Production	36682	38863	48957	43464	47976	52865
02	Sales Turnover	35383	36036	43215	42616	47387	52757
03	Exports(included in 2 above)	2397	2803	2682	2917	2459	4241
04	Cash Profit	2380	3136	3868	3813	4066	4182
05	Profit before tax	1903	2523	3151	3074	3252	3425
06	Profit after tax	1174	1582	2299	2318	2466	2489
07	Share capital	1349	1349	1349	1349	1349	1349
08	Reserves & Surplus	15628	16609	18538	20548	22560	24644
09	Net Worth	16977	17958	19887	21897	23909	25993
10	Gross Block	8005	8443	9720	10344	11050	11699
11	Long term borrowings	1300	975	1008	675	376	76
12	Contribution to Exchequer	6269	7370	8190	8666	10158	12163
13	Manpower (no)	717	658	681	618	578	748
14	Average Sales per employee(Rs)	49	55	64	69	82	71
15	Average production per factory employee (Rs)	176	197	244	230	270	284
16	Dividend(%)	20	22	28	30	30	15
17	Book Value per share (Rs) (Face value of Rs.100)	1258	1331	1474	1623	1772	1927
18	Earning per Share(Rs) (Face value of Rs. 100)	87	117	170	172	183	184
19	Sundry Debtors to sales (%)	29	30	34	20	31	23
20	Turnover to gross fixed Assets (%)	442	427	450	412	429	451
21	Value of closing inventory to Sales (%)	15	22	13	15	17	14
22	Finance cost to turnover(%)	0.22	0.54	0.31	0.21	0.23	1.11
23	Material cost to turnover(%)	47	48	50	50	55	55



Shri N. Yuvaraj, IAS, Jt. Secretary, Department of Pharmaceuticals visited both Corp. Office and Plant of KAPL on 06.03.2023. During his visit, he had interactions with all Heads of the Dept., Sr. Officers and Office Bearers of Associations of KAPL.



Shri Sunil Kumar Kaimal, Managing Director, welcoming Ms. S. Aparna, IAS, Secretary, Department of Pharmaceuticals, Govt. of India, on her visit to KAPL Corp. Office on 12th July 2022.



Shri Sunil Kumar Kaimal, Managing Director, welcoming Shri N. Yuvaraj, IAS, (standing left) Joint Secretary, Department of Pharmaceuticals, Govt. of India, on his visit to KAPL Corp. Office on 6th March 2023.



KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED
(A Government of India Enterprise)

Regd. and Corporate Office: ARKA THE BUSINESS CENTRE, Plot No. 37, Site No. 34/4, NTT Main Road
Peenya Industrial Area, 2nd Phase, Bengaluru – 560 058. website: www.kaplintia.com
CIN: U24231KA1981GOI004145

