



KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

(A Government of India Enterprise)

A large, 3D, golden number '43' is the central focus, with 'rd' in a smaller font to its upper right. To the right of the number, the words 'ANNUAL REPORT' are stacked above '2023-24' in a white, serif font. The background is a dark blue gradient with a white diagonal line.

ANNUAL
REPORT
2023-24

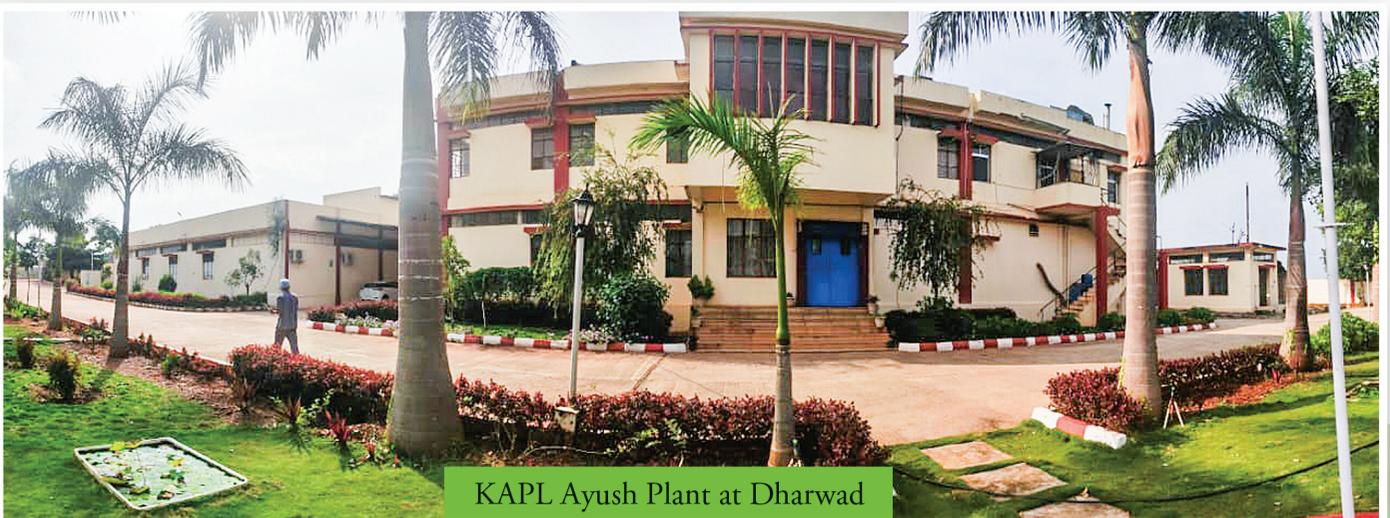


**KAPL IS A WHO-GMP CERTIFIED COMPANY WITH ISO/IEC 17025:2017 (NABL),
ISO 9001, ISO 14001, ISO 45001 & ISO 50001 CERTIFICATIONS
AND A DSIR-RECOGNIZED R&D UNIT.**

KAPL Regd. &
Corporate Office at Peenya



KAPL Manufacturing Plant at Peenya



KAPL Ayush Plant at Dharwad



Shri Harsh Gupta



Shri Anurag Danayak



Smt. Khushboo Goel Chowdhary



Shri Vijay Kumar Srivastava



Shri K. Srinivas



Dr. Madhuchanda Kar



BOARD OF DIRECTORS (AS ON 13.12.2025)

Shri Harsh Gupta

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

Shri Anurag Danayak

Managing Director
Karnataka Antibiotics and Pharmaceuticals Limited,
Arka the Business Centre, Plot No. 37, Site No. 34/4,
NTTF Main Road, 2nd Phase, Peenya Industrial Area,
Bengaluru - 560 058

Smt. Khushboo Goel Chowdhary

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

Shri Vijay Kumar Srivastava

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

Shri K. Srinivas

Commissioner, Food Safety and Drugs Administration
The State of Karnataka
Palace Road, Bengaluru – 560 001

Dr. Madhuchanda Kar

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

RAMESHA B

Chief Financial Officer & Asst. General Manager (Finance)

STATUTORY AUDITORS

M/s. Laxminiwas & Co.
No. 104 B Esteem Enclave
Bannerghatta Road
Near Arkere Gate
Bengaluru - 560 076.

BANKERS

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

INTERNAL AUDITORS

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

STATE BANK OF INDIA

SBI Incube Branch, St. Marks Road,
Bengaluru - 560001

REGISTERED & CORPORATE OFFICE

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

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ABOUT KAPL

Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) is a Profit making Joint Sector Company incorporated on 13th March 1981 with 59% share by Government of India and 41% share by Government of Karnataka through Karnataka State Industrial and Infrastructure Development Corporation (KSIIDC). The commercial production started from 1st August, 1984. The basic objective of the Company is to make available lifesaving drugs of good quality to Government Hospitals and other Institutions along with Private Medical Practitioners.

The Manufacturing facilities in the state of Karnataka are located at Bangalore and Dharwad.

A. PHARMA: At Peenya, Bangalore Plant, pharmaceutical products are manufactured. The Company has WHO-GMP Certified manufacturing facilities. The company also has state of the art NABL approved Laboratory facility for testing quality. The Formulation Development Department of Peenya, Bengaluru plant, has been upgraded into a full-fledged R&D unit and obtained official recognition as in-house R&D unit from the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology.

The product range includes the following segments:

- Dry Powder Parenteral – B-Lactam antibiotics (Penicillin's)/ Cephalosporin's/General.
- Small Volume Liquid Parenteral.
- Non-Parenteral Block (Tablets, Capsules, Oral Liquids & Powders), etc.,

B. AYURVEDIC: At Kotur, Dharwad plant, (Karnataka) Ayurvedic products are being manufactured. The product range includes the following segments:

- Tablets/ Liquid orals/ Powders/Oils, etc.,

7 ACA BULK DRUG PLANT: Government of India has accorded approval to Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) under 'PLI Scheme' for Bulk Drug Project 7-ACA.

COMPANY'S VISION & MISSION STATEMENT

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.

AREA ROUTE MAP - KAPL CORPORATE OFFICE



**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 **43rd Adjourned Annual General Meeting** of the Members of the Company will be held through Hybrid mode on Saturday, 13.12.2025 at 4:30 pm, at KAPL Regd. Office: Peenya 2nd Phase, Bengaluru, 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, 2024, together with the Reports of the Board of Directors and Auditors and Comments of C&AG thereon.

“RESOLVED THAT the Members Unanimously adopted the Financial Statements for the year 2023-24 along with Reports of Directors and Auditors including C&AG Comments thereof.”

2. To note the appointment of Statutory Auditors M/s. B. P. Rao and Co. Bengaluru.

RESOLVED THAT the Members noted the appointment of M/s B. P. Rao and Co. Bengaluru as the Statutory Auditors by C&AG for FY 2024-25. In respect of Audit Fee for the Year, the Board is authorized to determine the fee, as it deems fit.

SPECIAL BUSINESS

3. Payment of Remuneration to Cost Auditors for Financial Year 2024-25

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.71,390/- (All inclusive), payable to M/s. Bandyopadhyay A Bhaumik and Co, Kolkata, who have been appointed as “Cost Auditors” to conduct the audit of Cost Records maintained by the Company for Financial Year ending March 31, 2025 be and is hereby ratified .”

By Order of the Board of Directors
For KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

Place : Bangalore
Date : 13th December 2025

(RAMESHA B)
CFO & Asst. General Manager-Finance



Note:

1. The 43rd Annual General Meeting is to be held on or before 30th September 2024. However, the prolonged audit necessitated seeking permission of Registrar of Companies, Karnataka, for extension of time for holding the Meeting. The maximum time permission i.e. up to 30th December 2024 was received. The Annual General Meeting was accordingly held on 30.12.2024 and adjourned sine die for want of comments of C&AG.
2. The Board of Directors in its 194th Meeting held on 03rd December 2024 approved the Financial Statements for FY 2023-24. The audited Financial Statements were submitted to C&AG for Supplementary Audit u/s 143 (6) of the Companies Act 2013 on 18th December 2024. The C&AG conducted Supplementary Audit and conveyed their Comments vide their letter dated 16th July 2025.
3. The Meeting is called at short notice with the consent of the Members.
4. As per Section 139(5) of the Companies Act 2013, Statutory Auditor have been appointed by Comptroller and Auditor General of India for the Financial Year 2024-2025.

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

Statement with respect to Item no 3, under Special Business covered in the Notice of Meeting is given below - Payment of Remuneration to Cost Auditors for Financial Year 2024-25.

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. Bandyopadhyay A Bhaumik and Co, Kolkata, with a remuneration of Rs.71,390/- (all Inclusive) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025.

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. 3 of the Notice.

By Order of the Board of Directors
For KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED

Place : Bangalore
Date : 13th December 2025

(RAMESHA B)
CFO & Asst. General Manager-Finance

DIRECTORS' REPORT

To

The Members
Karnataka Antibiotics and Pharmaceuticals Limited

Ladies/Gentlemen,

We are delighted to present our 43rd Report on behalf of the Board, on the business and operations of the Company for the year ended 31st March 2024.

1. HIGHLIGHTS

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

Table - I

PERFORMANCE HIGHLIGHTS		Rs. In Lakhs		
Sl. No.	Particulars	2021-2022	2022-2023	2023-2024
1.	Production	47,976	52,865	46,470
2.	Sales	47,387	52,757	46,133
3.	Exports (included in Sl. No.2 above)	2,459	4,241	3,494
4.	Profit before Tax	3,252	3,425	1,760
5.	Profit after Tax	2,466	2,489	1,132
6.	Reserves and Surplus	22,560	24,644	25,542
7.	Paid Up Share Capital	1,349	1,349	1,349
8.	Dividend (%)	30	15	NIL
9.	Earning per Share (Rs) (Face value Rs 100/-)	183	184	84
10.	Book value of the Share (Rs) (Face value Rs 100/-)	1,772	1,927	1,993

Due to COVID the demand for medicines became temporarily high during FY 2020-21, FY 2021-22 and FY 2022-23. The sales of your company in these years were ₹ 42,615 Lakhs, ₹ 47,387 Lakhs and ₹ 52,757 Lakhs respectively. The sales during pre-COVID period viz. in FY 2019-20 were ₹ 43,707 Lakhs. As the pandemic subsided, the demand for medicines reduced. This led to the negative impact on your company's sales in FY 2023-24. Further, the Government of Karnataka has been the major customer purchasing medicines under 4(g) exemption of the Karnataka Transparency in Public Procurements Act, 1999 (KTPP Act). However, the exemption could not be extended by Government of Karnataka leading to reduction in your company's sales.

2. SHARE CAPITAL

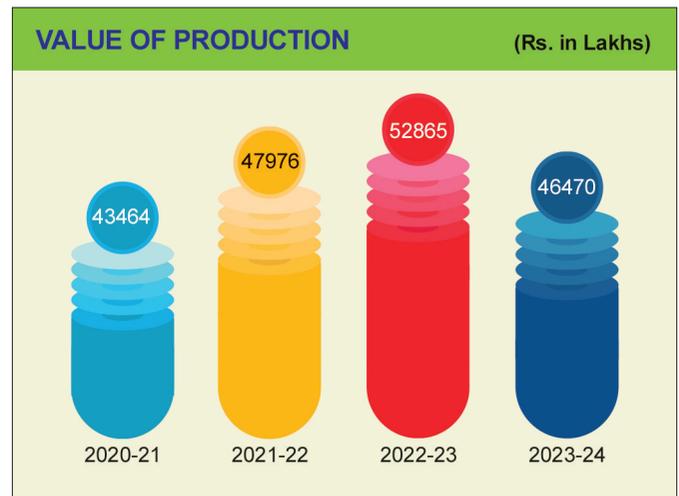
The authorized and paid-up capital of your company is ₹ 1,500 lakhs and ₹ 1,349 lakhs respectively. There was no change in the authorized and paid-up share capital of the company during FY 2023-24.

3. FINANCE

As on 31.03.2024, the borrowing from Banks for working capital requirements was Nil (previous year Nil).

4. PRODUCTION

Your Company achieved the production value of ₹46,470 lakhs (previous year ₹52,865 lakhs). The annual production value per factory employee was ₹249 lakhs (previous year ₹ 284 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	2021-2022	2022-2023	2023-2024
1	Liquid Parenterals	89	99	86
2	Vials	78	77	87
3	Tablets	112	144	85
4	Capsules	216	292	144

6. SALES TURNOVER

Company achieved a sales turnover of ₹46,133 Lakhs during FY 2023-24 as against ₹52,757 lakhs achieved during FY 2022-23.

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

Table III

SALES TURNOVER		₹ in Lakhs		
Sl. No.	Particulars	2021-2022	2022-2023	2023-2024
1	Liquid Parenterals	3,948	4,751	3,934
2	Liquid Orals and Dry Syrup	1,212	3,672	1,033
3	Vials	12,450	11,944	11,360
4	Tablets	15,409	22,022	12,074
5	Capsules	2,685	4,645	1,983
6	Others	11,683	5,723	15,749
	Total	47,387	52,757	46,133



Shri Sunil Kumar Kaimal, MD hoisting the National Flag at Peenya Factory on 15.08.2023.

7. NEW PRODUCTS

The company launches new products based on market surveys/ feedback.

The details of new products introduced are:

Sl. No.	Products	Quantity sold	Value in ₹ Lakhs
1	KAPITZ - 100mg/200mg	13,518	53.10
2	NUMOL 250 SUSPENSION	1,89,309	47.74
3	NUMOL 650 TABLET	39,225	49.26
4	VERCLAV DUO 457mg	67,947	64.25
5	KAP-3 - 30ml/100ml	81,780	105.14
6	KAPTIK 6ml/15ml/50ml	1,16,548	59.02
	Total		378.51

8. EXPORTS

Your Company achieved an export turnover of ₹ 3,494 lakhs compared to last year sales of ₹ 4,241 lakhs. Exports were made to 15 countries such as Malaysia,

Thailand, Philippines, Namibia, Uganda, Myanmar, Yemen, South Africa, Botswana, Zimbabwe, Zambia, Bhutan, Sudan, Fiji, and Uzbekistan.

The Company has planned to export the medicines to additional Countries, such as Vietnam, Libya, Iraq, etc.



KAPL accolades with 'Export Excellence Award' received from Dept. of Industries and Commerce (VTPC) Govt. of Karnataka on 22.07.2023 for FY 2017-18 to 2019-20. The Award was presented by CM, Dy. CM & Cabinet Minister, Govt. of Karnataka to KAPL, and seen received by Shri Anil Kumar V, DGM, Exports & Agrovet and Smt. Supriya Kulkarni, Company Secretary & DGM (Admn.)



Snapshot taken with Kapilities during the award ceremony.



International Yoga Day held on 21.06.2023



Members of the Parliamentary Standing Committee on Chemicals & Fertilizers, Government of India, Study Tour held at Vizag on 02.09.2023, seen with officials from Dept. of Pharmaceuticals, Govt. of India and HoDs of KAPL.



Members of the Parliamentary Standing committee on Estimates, Government of India, study tour held at Bangalore on 28.12.2023, seen with officials from Dept. of Pharmaceuticals, Govt. of India and Team -KAPL.

9. FINANCIAL RESULTS:

The summarized financial results for the year 2023-24 are furnished below in Table – IV:

Table – IV

FINANCIAL RESULTS		(Rs. in Lakhs)		
Particulars	2021-2022	2022-2023	2023-2024	
Profit before interest, depreciation and tax:	4,119	4,770	2,688	
Less : Interest & other financial charges	107	588	96	
Cash Profit	4,012	4,182	2,592	
Less : Depreciation	760	757	831	
Profit before tax	3,252	3,425	1,760	
Less : Provision for taxation	786	936	628	
Profit after tax and adjustment	2,466	2,489	1,132	

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

Table – V

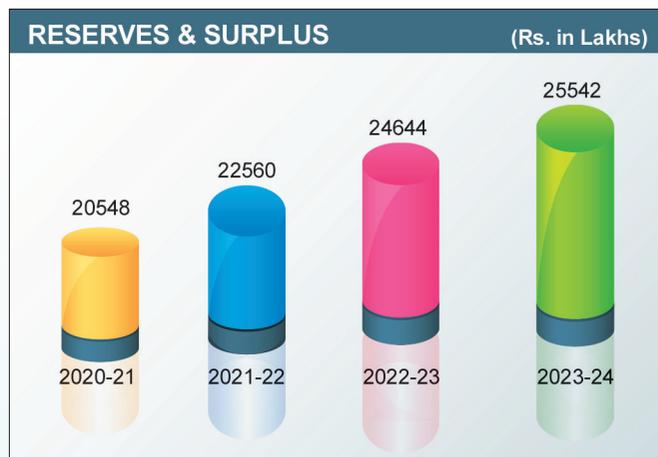
KEY RATIOS			
Particulars	2021-2022	2022-2023	2023-2024
Earnings per Share- ₹ (face value ₹ 100/-)	183	184	84
Book value per share – ₹ (face value ₹ 100/-)	1,772	1,927	1,993
Turnover to gross Fixed assets (%)	429	451	366
Finance cost to turnover (%)	0.23	1.11	0.21

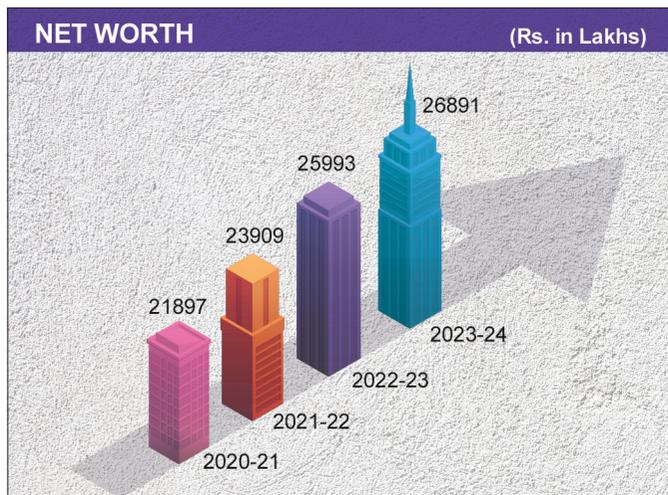
11. DIVIDEND

The Company is in requirement of funds for meeting obligations relating to 7-ACA Project. Therefore, for financial year 2023-24, your Directors have not proposed any dividend. The Department of Pharmaceuticals has been appraised of the same.

12. RESERVES & SURPLUS

Your Directors propose to transfer ₹ 800 lakhs to the General Reserves. You will be pleased to note that the cumulative reserves and surplus as on 31.03.2024 were ₹ 25,542.07 lakhs. The reserves and surplus were 18.93 times of the paid up equity capital of ₹ 1,349 lakhs. As on 31.03.2024, the net worth of your Company stood at ₹ 26,891.07 lakhs.





13. INVENTORIES AND DEBTORS

The value of total inventories consisting of raw materials, Work in Progress and Finished Goods were ₹ 6,623 lakhs which worked out to 14.36% (previous year 13.76%) of sales turnover. As on 31.03.2024, debtors were ₹ 12,025 lakhs which was equivalent to 95 days of sales.

14. PERFORMANCE AGAINST MEMORANDUM OF UNDERSTANDING:

The Company signs a Memorandum of Understanding (MoU) every year with Department of Pharmaceuticals, Govt. of India, based on guidelines issued by Department of Public Enterprises and performance of the company for FY 2023-2024 has been rated as 'Poor'.



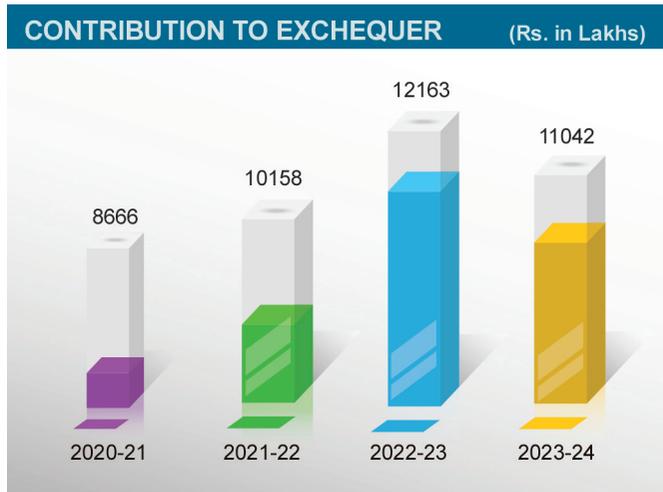
Shri Sunil Kumar Kaimal, Managing Director welcoming Ms. S. Aparna, IAS, Secretary Dept. of Pharmaceuticals on her visit to Corp. Office on 05.05.2023



Ms. S. Aparna, IAS, Secretary, Department for Pharmaceuticals is addressing the Senior Officers along with Managing Director, KAPL during her visit on 05.05.2023

15. CONTRIBUTION TO PUBLIC EXCHEQUER

Your Company has contributed a sum of ₹ 11,042 lakhs (previous year ₹ 12,163 lakhs) to the exchequer of Central and State Governments by way of Income Tax, Customs Duty, GST etc.



16. ENCOURAGEMENT TO MICRO, SMALL ENTERPRISES

Governments of India vide Order No. S.O.581 (6) dated 23.03.2012 and S.O. dated 14.11.2018 has notified 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 2023-24 to the extent of ₹ 5,035 lakhs. KAPL has on-boarded on the TReDS platform, GeM, MSME, Sambandh and MSME Sambandh Portals complying with Government guidelines.

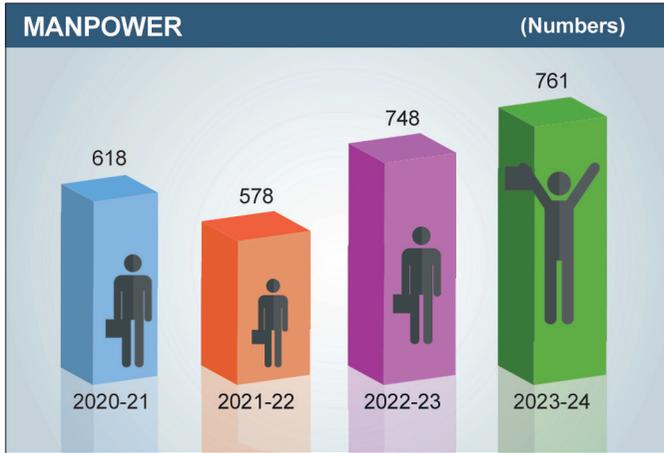
17. FOREIGN TRAVEL

During the year 2023-24, 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 31.03.2024 was 761 Nos. (Regulars and FTCs) consisting of 262 Nos. Executives and 499 Non Executives.



19 HUMAN RESOURCE DEVELOPMENT

The Company continues to organize the training programs 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 2023-24, training was provided to the extent of 341 man days. The expenditure incurred for Training and Development during the year amounted to ₹ 8.62 lakhs.



Training Programme conducted for Jr. Executives to Asst. Managers at Factory Training Centre on 22nd and 23rd December 2023.

20. REPRESENTATION OF SC & ST AND PWD CANDIDATES

The strength of employees belonging to SC 87 Nos, ST 13 No's and PWD 5 Nos, as on 31.03.2024.

21. REPRESENTATION OF MINORITIES

The strength of employees belonging to Minorities category as on 31.03.2024 was 21 Nos.

22. EMPLOYEE WELFARE

The Company continues various welfare facilities to its employees like Medical checkup, etc. The expenditure on the provision of welfare and other amenities during the year amounted to ₹1,001 lakhs (₹ 942 lakhs during 2022-23).

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

The Company has in place a Policy in line with the 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.

The said committee consists of a presiding officer, 2 members and a member from NGO. During the financial year 2023-24, four meetings of the committee were conducted.

All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

No. of complaints received : Nil
 No. of complaints disposed of : Not Applicable

Leave Entitlements under the Maternity Benefit Act, 1961 (as amended in 2017) are also provided.



Shri Sunil Kumar Kaimal, MD welcoming Dr. Madhuchanda Kar, Independent Director - KAPL, during her visit to KAPL on 17.07.2023 at Corp. Office. Also seen Sr. Officers of KAPL.



Shri B U Kamath, GM (Plant) & Sr. Officers, welcoming Dr. Madhuchanda Kar, Independent Director – KAPL, during her visit to KAPL Peenya Factory on 17.07.2023.

24. EXTRACT OF ANNUAL RETURN

The Annual Return of the Company as on March 31, 2024 is available on the Company's Website and can be accessed at the following link. <http://www.kaplindia.com/wpcontent/uploads/2024/09/FORM MGT 7.pdf>

25. BOARD MEETINGS

During the year 2023-24, four Board Meetings were held on 18.07.2023, 29.09.2023, 02.11.2023 and 30.01.2024.

26. 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) and one Independent Director. The remuneration payable to Managing Director is as per the DPE Guidelines and as approved by the Department of Pharmaceuticals, Government of India.

27. 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.

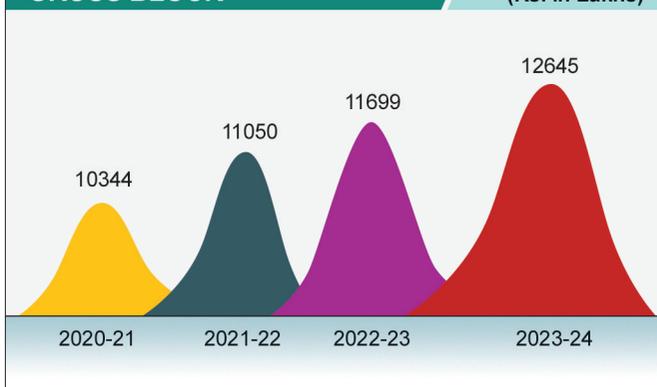
28. VIGILANCE:

Preventive vigilance has been thrust area of Vigilance department. The Department is headed by a Chief Vigilance Officer appointed by the Government of India.

The Vigilance department examines procurements and processes on continuous basis and system/ process improvements have been recommended in some cases. Vigilance awareness week was observed during the year 2023 with theme "Say no to Corruption and Commit to the Nation". Awareness Program on PIDPI, Workshop's and other competitions were held.

GROSS BLOCK

(Rs. in Lakhs)



29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There were no loans, guarantees or investments made under Section 186 of the Companies Act.

30. 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 :

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That such accounting policies have been selected and applied consistently and made judgments 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 2024 and the profit and loss of the Company for that period.
- 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. However, the comments at para 49 with regard to the 7ACA project should be read along with this.
- That the annual accounts for the year ended 31st March 2024 has been prepared on a going concern basis.
- Those proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. 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.

32. ENVIRONMENT PROTECTION AND SUSTAINABILITY MEASURES

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

- Implementing policies and regulation to reduce Green House gas emissions and promote the use of renewable energy sources.
- Encouraging the use of public transportation and reducing the use of personal vehicles.
- Promoting the use of energy efficient products such as lighting, appliances and electronics.
- Adopting Green initiatives for reducing carbon footprints
- Promoting sustainable practices such as adopting Solar energy, minimizing the use of disposable products.
- Celebrating 'Environment Day' at the factories at Bengaluru and Dharwad, and at the Medical-Farm at Kadabagere, Bengaluru; distributing plant saplings among all employees and workmen.

33. FIXED DEPOSITS

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

34. CHANGES IN THE BOARD

During the period 01.04.2023 to 31.12.2025, the Board welcomed the following Directors:

Sl.No.	Name	DIN	W.e.f.
1	Sri Vijay Kumar Srivastava	10139260	22.06.2023
2	Dr. Sateesha B C, IAS	08379733	21.11.2023
3	Ms. Nirja Saraf, MD (A/c)*	06901973	26.03.2024
4	Sri Harsh Gupta, IAS, (Chairman, KAPL)	05150654	23.07.2024
5	Smt. Khushboo Goel Chowdhary, IAS	03313434	24.01.2025
6	Dr. Madhuchanda Kar	09519016	21.04.2025
7	Sri Manjunath Hegde, MD (A/c)*	ABNPH5424K (PAN)	16.05.2025
8	Sri Anurag Danayak, MD	11183847	13.06.2025
9	Sri K. Srinivas, IAS	06969191	18.07.2025

*A/c =Additional Charge.



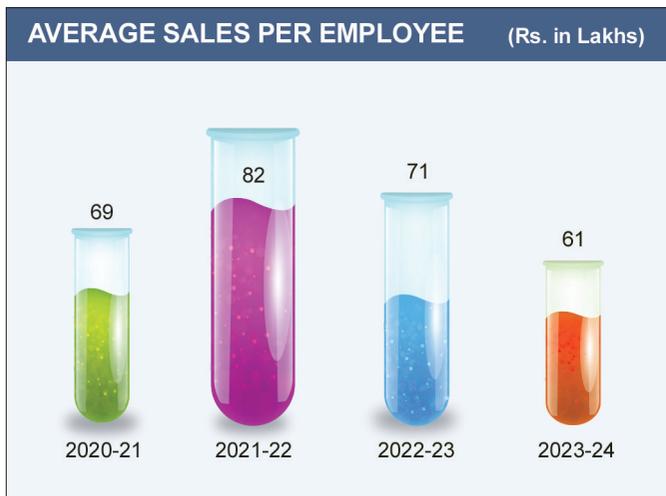
Karnataka Rajyotsava Celebration on 01-11-2023

During the period from 01.04.2023 to 13.12.2025, the following Directors ceased to be as Director on the Board.

Sl.No.	Name	DIN	W.e.f.
1	Sri Sumit Garg	08797123	22.06.2023
2	Dr. Ravi M R, IAS	08254276	21.11.2023
3	Sri Sunil Kumar Kaimal *, MD (* Due to sad demise)	08528088	25.03.2024
4	Sri T K Anil Kumar, IAS (Chairman, KAPL)	06704577	23.07.2024
5	Sri B T Khanapure	07778686	01.08.2024
6	Dr. Sateesha B C, IAS	08379733	14.08.2024
7	Ms. Nirja Saraf, MD (A/c)**	06901973	06.01.2025
8	Dr. Madhuchanda Kar	09519016	07.02.2025
9	Sri Manjunath Hegde, MD (A/c)**	ABNPH5424K (PAN)	13.06.2025

**A/c =Additional Charge.

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



35. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The company does not have any subsidiary/ Joint Venture/ Associate.

36. 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- A** included in this report.

37. 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.

38. 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 Chief Financial Officer (CFO) are appointed as Key Managerial Personnel.

The KMPs during the FY 2023-2024 are as under:

Sl. No.	Name	W.e.f.	Up to
1	Shri Sunil Kumar Kaimal, MD	01.08.2019	25.03.2024
2	Ms. Nirja Saraf, MD, A/c	26.03.2024	06.01.2025
3	Ms Supriya Kulkarni	01.02.2020	Till the date of report
4	Shri Jagadish Chandrashekar, CFO	01.08.2020	02.12.2024
5	Shri Ramesha B, CFO	03.12.2024	Till the date of report



Kapilites enjoying picnic at Resort, Near Bangalore on 22nd December, 2023.

39. ANNUAL GENERAL MEETING

The 43rd Annual General Meeting of the Company was held on 30.12.2024 and the Adjourned sine die. The Adjourned AGM was held on 13.12.2025.

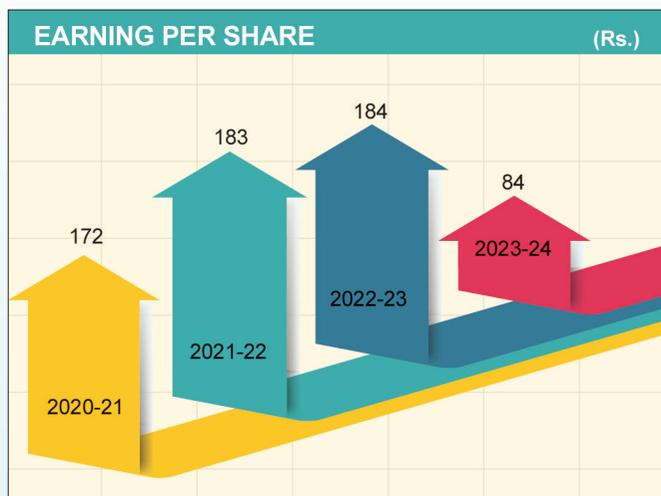
40. OFFICIAL LANGUAGE

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

41. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors approved the CSR Policy of the Company and also constituted the CSR Committee under the Chairmanship of the Independent Director with the Managing Director, KAPL and the Nominee Director viz. the Drugs Controller of Karnataka being other members of the Committee.

Pursuant to the provisions of section 135 (5) of the Companies Act, 2013 and other applicable provisions, your company deposited an amount of ₹65.01 lakhs as CSR funds for the FY 2023-2024 to one of the fund specified in Schedule VII of the Companies Act, 2013 viz. the Prime Minister National Relief Fund. CSR Details are annexed at **Annexure-B**.





The Special Guest Justice Shri H.N. Nagamohan Das, Retd. Judge, Karnataka High Court, Dr. Nirmala C. Yaligar IB Head, Doordarshan, Bangalore and Shri G. Ramesha, Chief Vigilance Officer is seen with the Office Bearers of SC/ST Association during the 132nd Birth Anniversary function of Dr. B.R. Ambedkar on 06-06-2023



Snap shot taken during the day

42. STATUTORY AUDITORS

Pursuant to the Section 139(5) of the Companies Act, 2013, The Comptroller Auditor General of India, appointed M/s. Laxminiwas & Co. Chartered Accountants, as the Statutory Auditors for auditing the accounts of the Company for the year 2023-24.

The Financial Statements for the year 2023-24 were approved by the Board in its 194th Meeting held on 03.12.2024. The Statutory Auditors submitted their Audit Report with a disclaimer opinion on 18.12.2024.

The Statutory Auditors filed a report on form no. ADT-4 with the Ministry of Corporate Affairs, Government of India, alleging suspicion of a fraud with the operations of the company. Consequently, the Registrar of Companies, Ministry of Corporate Affairs, Bangalore, vide letter dated 14.02.2025, sought information from KAPL on the matter of ADT-4 filed by the Statutory Auditors for the FY 2023-24. KAPL, vide its letter dated 25.02.2025, submitted reply to the Registrar of Companies, Ministry of Corporate Affairs stating that the Statutory Auditors grossly interpreted an issue of lack of “prior approvals of competent Authority” in respect of setting up of 7-ACA Project as “Fraud” and ignored the basic analysis on what constitutes Fraud (Section 447 of the Companies Act 2013 and Guidance

Note issued by Institute of Chartered Accountants of India on Reporting Fraud) and whether lack of prior approval tantamount to Fraud or suspicion of Fraud.

The Vigilance Section of the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, vide its letter No. 54011/6/204-Vig (C-29823) Dated 27.05.2025 has intimated the Chief Vigilance Officer of the Company, that vigilance angle is not found present in the case of execution of 7-ACA project and has stated to process/ examine the administrative lapses.

The qualifications of the Auditors and replies of the Management are placed at **Annexure-D**.

43. COST AUDITOR

M/s. J H and Associates, Bengaluru were appointed as Cost Auditor for 2023-24. The Cost Auditor submitted their Audit report on 20.03.2025. The Company maintains Cost records as specified under section 148(1) of the Companies Act, 2013. There are no observations in the cost audit report.

44. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with the applicable rules, the Company has appointed Shri K. N. Nagesha Rao, Company Secretary in Practice, as the Secretarial Auditor of the Company for the financial year 2023-24. The Secretarial Auditor submitted their report dated 15.10.2024. The qualifications of the secretarial auditor and the management reply are annexed to the Directors reports.

45. INTERNAL AUDITOR

Pursuant to the provisions of Section 138 of the Companies Act, 2013, Mr. Vishwanathan N was appointed as the Internal Auditor of the Company for carrying out internal audit for the FY 2023-24. The Audit Committee reviewed the Internal Audit reports in its meetings held on 22.02.2024, 14.03.2024 and 23.09.2024.



KAPL celebrated Engineer's Day on 15th September 2023, which is the birthday of Bharat Rathna Sir M V Vishweshwaraiah. Seen in the photo Dr. S Seetharamu, lighting the lamp of Sri M.V. & seated at center. Former Director, CPRI, NDRF & Mech. Engineer as a Chief Guest for the event.

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

The Comptroller and Auditor General of India (C&AG) conducted the supplementary audit of the financial statements of the Company for the financial year 2023-24. The audit commenced on 12.01.2025 and concluded on 28.01.2025. The C&AG, vide letter dated 16.07.2025, provided its comments under Section 143(6) of the Companies Act, 2013, on the accounts of the Company for the year ended 31.03.2024.

The comments of the C&AG along with the management's replies thereto are annexed as **Annexure-E**.

47. COMPUTERIZATION ACTIVITIES

Following computerization activities were undertaken during FY 2023-24,

- a) 2 numbers of DELL Servers were installed at ISD for the PharmaSoft Solution Software.
- b) LAN Network Revamping work completed successfully at KAPL Factory.
- c) Computer System Validation for IIS Module completed successfully.
- d) The Lab Solution Software was successfully upgraded from Ver. 6.90 to Ver. 6.122.



Zimbabwe delegates are seen with KAPL Sr. Officers during their visit to our Plant for International Audit (MCAZ).



KAPL celebrated World Pharmacist's Day on 25.09.2023. Shri Jatish N. Sheth, Entrepreneur and Industrialist was the Chief Guest for the event. Kapilites seen with the guest.

48. MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

Management's Discussion & Analysis Report, required under the DPE guidelines on Corporate Governance for CPSE, is presented in a separate section forming the part of Annual Report as **Annexure- C**.

49. 7-ACA BULK DRUG PROJECT

The Board at its 174th meeting held on 08.12.2020 considered the proposal for manufacturing Bulk Drug. In this meeting, the Board was given presentation on the pre-feasibility report submitted by the company appointed consultant. Board desired that a committee of officers of the company further examine the consultant's report. Board requested the Drugs controller of Karnataka, also a Board member, to help the company by inviting subject experts and senior officers of Drugs control Department related to the field of Key Starting Material/ APIs. The Board also authorized the company secretary to file application for Production Linked Incentive (PLI) for this project. Accordingly, the approval for setting up 7ACA project under PLI scheme was obtained in February 2021.

The Board of Directors in their 175th meeting held on 31.03.2021 approved undertake Bulk Drug 7 ACA manufacturing facility at a cost of Rs.27500 lakhs and further authorized the Managing Director to take steps for:- (1) identify and apply for the land (2) finalize means of finance (3) Appoint consultants. Managing Director was also authorized for taking up enabling activities incidental to carry out these decisions. The Approval was granted based on Techno Economic Feasibility Report, as per which, the estimated cost of the project was ₹ 27,500 Lakhs +/- 50%. Based on the above approval, the company obtained a land on lease at Ujjain, Madhya Pradesh at a concessional rate of lease subject to conditions. The land was allotted to the company in July 2022. The company started pre-construction work on the land in August 2022.

During the year 2023-24, the Board in its meeting dated 02.11.2023 observed and stated that the Board had not been informed about the actions taken with regard to the implementation of the 7ACA project. It was also stated by the Board that this being a new project, the MD should have placed all matters before the Board. The Board also sought to know whether the Board was competent to approve a project of this scale. Thereafter, it was brought to the notice of the Board that the Board was not competent to approve a project of a scale of Rs.27500 Lakhs and the project required approval of the Administrative Ministry. The Board concluded that they were mis-guided in giving approval for the project and that the same was in violation of all regulations.



After being observed by the Board that they were not competent to approve the project, a letter dated 09.01.2024 was written by the Company to the ministry seeking their approval. In this letter, the company officials had mentioned the cost of the project to be at Rs.27500 Lakhs, which was then approved by the Ministry vide letter dated 13.03.2024 subject to conditions. The Board had noted in subsequent meetings that the revised cost of the project had not been communicated to the Administrative Ministry by the company officials, even though they had gone ahead with awarding of works as per the revised cost.

Due to the demise of the then Managing Director, a new Managing Director was given additional charge of the Company with effect from 26.03.2024. The Managing Director, in her report to the Board pointed out the following:

- a. The project was approved against a total outgo of Rs.275.00 Crores. However, the Administrative Ministry had no clue on the escalation of cost.
- b. It was internally decided to take the project forward for an installed capacity of 1000 MT / Year instead of approved capacity of 1440 MT / Year (as per initial DPR) in order to accommodate cost of installation and set up without any formal approval or deliberation before the competent authority.
- c. It is also observed that there was no information regarding the escalation of the project cost and the same was neither discussed formally or communicated to the Board and/or the administrative ministry.

Pursuant to the above, the ministry was intimated about the escalation in the cost and the ministry in response vide letter no. 31026/39/2020-Policy/Scheme (Pt.2) dated 18.09.2024, the Ministry noted the revision in the project cost to ₹ 43,600 Lakhs. However, no formal approval has till date been given by the Administrative Ministry for the project. The Board in subsequent meetings had pointed out that the said letter of the Ministry noting the revision in the project cost was in relation to the PLI Scheme but there was no explicit approval of the same by the Ministry in its administrative capacity.

The Managing Director of the company had requested the Board to ratify the cost outgo from Rs.275 Crores to Rs.435 Crores and also requested to ratify the following:

- a. Capital expenses already incurred and committed to the tune of Rs.89.88 Crores and Rs.131.55 Crores respectively

- b. Appointment of consultants
- c. Further expenses amounting to Rs.258.13 Crores

The Board had refused to ratify the same in view of pending compliances on issues like Administrative approval for the revised cost, approval of the revised cost by technically competent authority etc. The Board had also expressed deep displeasure at the lapses in handling the project, and had directed the Managing Director to fix responsibility of associated officials who are responsible for the lapses in handling the project. Pursuant to this, few officers of the company were suspended pending inquiries. The inquiries are still on and no conclusion has been arrived at.

The Board had also initiated inquiries into the project costs. The agency who prepared the earlier cost estimation (ISHA) and project management consultant appointed by the Company (Doshi Consultants Private Limited) were summoned by the Board to provide clarifications on the subject matter. An independent consultant was also appointed who submitted their report and findings on the entire 7ACA project since its inception. Another agency namely GPCL Consulting Services Limited was also appointed to provide a Techno-Economic viability report (TEV Report) on the project.

After perusal of the reports of the independent consultant, the TEV report and the observations of the Statutory Auditor, the Board directed observed and directed the Company officials as under:

- a. The reasons mentioned by the GPCL for cost escalation are very vague and the MD to ensure proper justified reasons are provided and the same be presented to the Board.
- b. The revised cost estimates provided by DCPL who gave an estimation of Rs.436 Crore to be shared with the earlier consultants who provided an estimate of Rs.275 Crore and both the consultants were asked to check and verify estimations with each other. MD was advised to go through these responses and feedback and provide inputs to the Board.
- c. MD was advised to obtain a revised firmed up DPR for the 7ACA project and present it before the Board.
- d. MD was advised to bring clarity on the scope of work of M/s. Doshi Consultants Private Limited as to whether they were appointed as a project consultant.
- e. Board expressed that there is a need to verify tendering process (it noted that tenders were manual and not e-tendered), costing, approval by a technical

competent authority etc. MD was advised to seek services of reputed institutes since there is no in-house capacity.

Responses to the above directions given are pending to be provided to the Board. An expert from NIPER had been appointed by the Ministry for providing technical assistance. He presented a report to the Board but the Board was not satisfied with the same. He had been asked to provide documents and details to substantiate his report. However, the Board was informed later that NIPER had expressed its inability to continue providing the technical support in view of the workload and constraint of resources.

In the course of the Statutory Audit for the FY 2023-24, the statutory Auditors approached the Board escalating the matters and irregularities noted in relation to the 7ACA project and informed the board that adequate documentation as required for the completion of the audit was not being provided to them. Based on the directions of the Board, the Statutory Auditors were provided with all documents required for the completion of the audit. Amongst other observations, the auditors also pointed out that the escalation in the costs of the project were not properly justified and the same were not approved by the Board. Based on their audit, the Statutory auditors while issuing a disclaimer opinion, reported a possibility of suspected fraud to the Ministry of Corporate Affairs by issuing a report in Form ADT-4.

Board in its meeting dated 03.12.2024 deliberated in detail on this matter and company officials informed the Board that, contrary to the contemplation of the statutory Auditors, there is no fraud or suspected fraud in the company either in its present operation or in 7 ACA project. They informed the Board that at best, there are procedural departures from taking appropriate prior approvals of the Board, Government of India etc., and that such departures from procedure cannot be termed as fraud.

It is also pertinent to note that the Ministry of Corporate Affairs (MCA) through the Registrar of Companies, Bangalore vide their letter dated 25.02.2025 sought details and documents from the Company on the ADT-4 issued by the Auditors. The company officials replied to the Registrar of Companies, Ministry of Corporate Affairs vide letter dated 25.02.2025 stating that the ADT-4 filed by the statutory auditors is due to their misinterpretation of the facts vis-à-vis the provisions

of the Companies Act 2013 read with the Guidance Note of ICAI on the Matters of Reporting Fraud u/s 143 (12) of the Companies Act 2013.

Copies of the letter of the MCA and the reply to the same by the Company were presented before the Board in its meeting dated 23.09.2025 and on perusing the reply, the Chairman and nominee Director from KSIIDC observed that in the reply furnished to the RoC it was erroneously stated that the "Board replied that there was no fraud". However, this reply was based on the minutes of the Board meeting dated 03.12.2024 wherein company officials had informed the Board that there is no fraud and that there were only procedural lapses. However, upon being so informed, the Board had not expressed its opinion that there was no fraud. The non-executive directors of the Board observed during the same meeting dated 23.09.2025 that the Board had raised many concerns in the subsequent meetings as regards the pending compliance on many of the earlier decisions of the Board with regard to providing details of revised DPR, approval of the same from the technical competent authority, administrative approval of the revised cost etc. The non-executive directors had further expressed displeasure that the replies sent to the ROC should have been got approved by the Board.

It is also noted by the Board that the matter was examined by the Chief Vigilance Officer (CVO) of the company and was also referred to the CVO of the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, Govt. of India. The Vigilance Section of the Ministry vide its letter no 54011/6/204-vig (C-29823) dated 27.05.2025 ruled out any vigilance angle and stated that the matter purely pertains to administrative lapses.

The Board on multiple occasions requested the DoP and the Administrative Ministry to appoint a technical competent authority for the approval of the 7ACA project. Board also expressed that it could approve the revised cost only after the revised DPR is approved by the technically competent authority. The Board accordingly had not ratified the capital expenditure of Rs.212.37 Cr which is already incurred for the same reason.

In view of lack of technical capacity, the Board in its meeting held on 05.10.2024 had directed the company to explore the possibility of any other PLI applicant who are ready to take over the project on "as-is-



where-is basis” and had desired the company to write the Ministry in this regard. The DoP consented vide letter dated 14.11.2024 to a proposal for exploring the buyers for the Project. Accordingly, Expression of Interest (EOI) was floated by the company against which the responses from four interested Parties were received and the same are under consideration.

50. OTHERS

- a) 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.
- b) There are no material changes and commitments affecting the financial position of the company which occurred between 31.03.2024 and date of signing of the report.
- c) There has been no change in the nature of business of the Company.
- d) There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- e) There was no instance of one-time settlement with any Bank or Financial Institution.
- f) Compliance with Secretarial Standard's: The Company complies with the applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India, subject to the qualifications and complies mentioned at para No.8.1 of the Annexure.

51. ACKNOWLEDGEMENTS

- 51.1 Your Directors place on record their gratitude to the Department of Pharmaceuticals and other Departments of the Government of India, and to the Health & Family Welfare Department, Government of Karnataka; Karnataka State Industrial & Infrastructure Development Corporation Ltd. (KSIIDC), and the Drugs Controller for the State of Karnataka for their support and co-operation.
- 51.2 The Board is grateful to the C&AG, Auditors, Agencies of the Central and State Governments, Bankers, Customers and all Stakeholders for their timely assistance, guidance and cooperation.
- 51.3 Your Directors place on record their appreciation for the employees who have worked sincerely and with dedication at all levels, without whose efforts the results achieved would not have been possible.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place : Bengaluru
Date : 13.12.2025

Harsh Gupta
Chairman
DIN : 05150654

Information pursuant to the Companies (Accounts) Rules 2014.

1. CONSERVATION OF ENERGY

Following steps have been taken in this direction:

- 1) Energy loss is minimized by replacing the degraded compressed air line with the new one.
- 2) CFL Lamps replaced with LED lamps in Production Area.

(i) POWER AND FUEL CONSUMPTION

Particulars	Current Year (2023-24)	Previous Year (2022-23)
Electricity		
a. By Purchase		
Electricity purchased (units)	89,09,995	88,93,000
Total amount (Rs)	8,33,43,116	8,30,67,636
Rate/Unit (Rs)	9.35	9.34
b. By Own Generation		
i. Through diesel generator		
Electricity generated (Units)	1,10,346	47,965
Quantity of Diesel used in Ltrs.	36,000	12,000
Diesel cost (Rs)	28,50,362	10,22,874
Unit per litre of diesel oil	3.07	4.00
Cost/Unit (Rs)	25.83	21.33
ii. Coal		
Quantity (Tonnes)	-	-
Total Cost (Rs)	-	-
Average rate (Rs)	-	-
iii. Piped Natural Gas (PNG)		
Quantity (SCM)	3,31,088	3,54,341
Total Cost (Rs)	2,39,74,796	2,54,43,846
Average rate (Rs)	72.41	71.81
iv. Own Solar Generation		
Units Generated	1,86,041	1,80,313
Total Cost (Rs)	10,35,317	10,03,439
Cost/Unit (Rs)	5.56	5.57

(ii) CONSUMPTION, PER LAKH OF PRODUCTION VALUE:

Particulars	Current Year	Previous year
Electricity		
Rupees	1,877	1,636
Units	179	175
PIPED NATURAL GAS		
Rupees	516	411.86
Units (MMBTU)	0.29	0.26



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

Your Company is developing new formulations, year after year, in order to meet the changing needs of health aspects. The expenditure incurred towards these activities for the year is ₹ 59.16 lakhs. Strategic Alliance with premier research institutions for R&D activities is under consideration.

3. TOTAL FOREIGN EXCHANGE USED AND EARNED

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 commission on export sales, etc.	33.66	43.62
Remittance during the year in foreign currency on account of dividend	-	-
Total Foreign Exchange Earned (FOB Value)	3,238	3,920

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 13.12.2025

Harsh Gupta
Chairman
DIN: 05150654

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors:

- a) As on 31st March 2024, the Board consisted of 6 Directors, of which one Managing Director, one part time non-executive Chairperson/ Chairman, one 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 the Government of India.
- b) During the year 2023-24, four Board Meetings were held on 18.07.2023, 29.09.2023, 02.11.2023 and 30.01.2024.

Name of the Director	Category	No. of Board Meetings with Attendance	Attendance at last AGM	No. of outside Directorships as on 31.03.2024	No. of outside Board Committee Membership/ Chairmanship as on 31.03.2024
Shri T K Anil Kumar, IAS	Chairman, KAPL	4/4	Yes	3	Nil
Shri Sunil Kumar Kaimal	Managing Director	3/4	No	Nil	Nil
Dr. M.R. Ravi, IAS	Non-Exe Director	1/4	No	8	Nil
Shri Vijay Kumar Srivastava	Non-Exe Director	4/4	Yes	1	Nil
Shri B T Khanapure	Non-Exe Director	4/4	Yes	1	Nil
Dr. Madhuchanda Kar	Independent Director	4/4	Yes	Nil	Nil

c) Board of Directors and related information:

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.kaplindia.com.

3. Audit Committee:

The Paid up Capital of Company as on date is ₹1,349 Lakhs. As per Provisions of Section 177 of the Companies Act, 2013, Audit Committee has been constituted. Only one Independent Director could be included in the Audit Committee pending appointment of another Independent Director by the Government of India.



Hindi Day Celebration at Corporate Office held on 14th September 2023. A snap shots taken during the Hindi Day celebration.

4. Disclosures.
Remuneration of Directors:

The remuneration payable to Whole-time Managing Director and his terms of Service is fixed by the Central Government. The remuneration paid to Managing Director for the financial year 2023-24. Rs. in lakhs

Name of the Director	Salary	Benefits	PF Contribution	Perquisites	Total
Mr. Sunil Kumar Kaimal	41.42	---	3.74	3.98	49.14

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 (₹)	Sitting Fee paid for Audit Committee Meeting (₹)	Sitting Fee paid for CSR Committee Meeting (₹)
1	Shri T K Anil Kumar, IAS	4,000/-	---	---
2	Shri Sunil Kumar Kaimal	---	---	---
3	Dr. M R Ravi, IAS	1,000/-	---	---
4	Shri B T Khanapure	4,000/-	3,000/-	1,000/-
5	Dr. Madhuchanda Kar	60,000/-	30,000/-	10,000/-
6	Shri Vijay Kumar Srivastava	---	---	---

5. Annual General Meetings:

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

Financial year	Date	Time	Venue
2022-23	29.09.2023	1200 Hrs	Corp. Office, Bangalore
2021-22	02.12.2022	1200 Hrs	Corp. Office, Bangalore
2020-21	17.01.2022	1145 Hrs	Corp. Office, Bangalore

No Special resolutions and postal ballots were taken up in the above Annual General Meetings.

6. Means of Communication:

a) Annual financial results are displayed on the Company's Website www.kapllindia.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, 2nd Phase

Bengaluru – 560 058

The Shareholders may send correspondence to the above address.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 13.12.2025

Harsh Gupta
Chairman
DIN : 05150654

KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED, BENGALURU.

CSR ACTIVITY FOR THE YEAR 2023-24

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 sub heads: (1) Direct expenditure on projects or programs (2) Over-heads:	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementation agency
1	Prime Minister's National Relief Fund (PMNRF)	---	--	-	65,01,000.00	-	Direct Payment
	TOTAL				65,01,000.00		

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 13.12.2025

Harsh Gupta
Chairman
DIN : 05150654

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 130 billion USD by 2030.

India is the largest provider of generic drugs globally. India is also 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) were incorporated with the basic objective of making available the lifesaving drugs to various Government Hospitals and other institutions.

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

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 01.11.2017 provided in-principle approval for strategic disinvestment of 100% of Government of India Equity in the Company. The Company provided requisite details to Government of India on 22.11.2017 and 02.11.2020. There is no further communication in this regard.

SWOT ANALYSIS

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

The Company always believed in the concept of 'continual improvement and growth', 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 having 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 exporting to 15 different countries. Company has got wide range of products covering the following product range:

Antibiotics, Anti-Hypertensive, Anti Diabetic, Hematinic, 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 striving to (a) register additional products in the countries where it is already exporting, and (b) make new beginnings by registering its products in the countries where it is not yet exporting.

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 for the last three years' performance are as follows:

(Rs in Lakhs)

Year	Value of Production	Sales Turnover	Profit Before Tax	Profit After Tax
2021-22	47,976	47,387	3,252	2,466
2022-23	52,865	52,757	3,425	2,489
2023-24	46,470	46,133	1,760	1,132

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 strength as on 31.03.2024 was 761 number [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 maintaining Gardens at the open areas 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, form part of Directors' Report.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 13.12.2025

Harsh Gupta
Chairman
DIN : 05150654

QUALIFICATION OF SECRETARIAL AUDITORS FOR 2023-24

Para No.	Qualifications	Management Reply
8.1	During the financial year 2023-24, the Company did not comply with the provisions of Section 173 of the Companies Act, 2013, the Secretarial Standard - SS-1 and 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 2023-24 was more than three months on one occasion.	The audit observation has been noted.
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, Powers to appoint Directors is with Government of India. Our request for appointment of Independent Director has been submitted to and is under consideration of the Government of India.
8.3	In the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of Audit Committee, Nomination and Remuneration Committee and CSR Committee.	As per the provisions of Memorandum and Articles of Association of the Company, Powers to appoint Directors is with Government of India. Our request for appointment of Independent Director has been submitted to and is under consideration of the Government of India.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 13.12.2025

Harsh Gupta
Chairman
DIN : 05150654

To
**The Members of
 Karnataka Antibiotics and Pharmaceuticals Limited.
 Bengaluru**

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Karnataka Antibiotics and Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including the Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of this report and the uncertainties involved, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Bulk Drug 7 ACA Project ("Project")- (Refer Note 2 B, 21, 33 B and 46 C to the Financial Statements)

a) The Board of Directors of the Company ("Board") in the year 2021 had approved an Investment of Rs.275 Crores to set up a new manufacturing facility for manufacturing of Bulk Drug 7 ACA for a capacity of 1,440 MT/Year and incurred capital expenditure on that basis. Such approval was in violation of Department of Public Enterprises' Office Memorandum dated 5th August, 2005 which permitted the Company to incur capital expenditure on new projects without the approval of Central Government upto Rs. 500 Crores or equal to the net-worth of the Company, whichever is less. The Company's net worth was only Rs. 230 Crores as on the date on which the project was approved by the Board, which necessitated prior approval of the Government of India. Hence the commencement of the Project and Incurring of expenditure thereon are ultra vires the Board. Further, the capacity of the project was reduced from the original 1,440 MT to 1,000 MT apparently without intimation to or formal approvals from the Board, questioning the Initial project specifications and the cost estimates. Implications, if any, of

the above reduction in capacity on the costs already incurred, commitments assumed and overall estimated project costs is not presently ascertained.

- b) The Company, in the month of March 2024, has obtained approval from the Government of India for incurring capital expenditure for setting up the Project at a total capital cost of Rs. 288.75 Crores (Rs.275 Crore plus estimated interest cost, till commencement of production by March 2025 of Rs.13.75 Crores). Further through the said approval, the Company has been advised to produce D-7 ACA from the same plant as 7 ACA and prepare a supplementary project proposal for D-7 ACA and obtain the approval of the Board, which is pending. However, we have noted that in the case of 7 ACA Project, purchase orders/ work orders have been issued by the Company based on a revised estimated Project cost of Rs. 436 Crores without the knowledge of the Board and approvals from the Government. It is also noted that the estimated costs for the purchases/works are found to be more than the amounts estimated in the Techno Economic Feasibility Report of the Project. Further finalisation of sources of funds required for completion of the Project, considering the increased Project cost, is pending as on date. Commitment of funds of the Company without necessary approvals and sources is in gross violation of the fiduciary responsibilities of the management of the Company. The Board has sought a detailed investigation on the revised project costs and the outcome of the same is awaited. Pending the outcome of the investigation, we are informed that the board has not ratified the expenditure already incurred and orders already placed by the company.
- c) The Board has commissioned an internal audit/ investigation into 7 ACA project by an independent consultant. The Consultant in his report has pointed out several violations/irregularities. Based on the findings in the report, the matter has been referred to the Chief Vigilance Officer ("CVO") of the Company for examination and for recommending fixing of responsibility and/or disciplinary action against the concerned officers of the Company. The CVO vide his report dated July 23rd 2024, amongst other observations, has recommended fixing responsibility for the violations/irregularities on certain officers of the

Company. Based on the preliminary Investigation, the Company has issued show cause notices to the concerned officials seeking explanation on identified violations/irregularities. Pending further proceedings and final order in the matter, these employees have been suspended on November 21, 2024. The CVO has recommended that the issue along with the internal audit/investigation has to be referred to the CVO of the Department of Pharmaceuticals for taking up with the concerned Disciplinary Authority. Further action from the Company in this regard is pending.

- d) The Techno-Economic Viability report on the Project raised concerns about issuing purchase orders for key process equipment even before finalising the technology provider for the manufacture of 7 ACA, thereby posing a potential risk to the project viability as such. Although the Project commenced around July/August 2022, the process of appointing technology provider was initiated only in September 2024.
- e) On the basis of our visit to Project site, we have noted that currently all project works have been stalled. Further we understand that the Project is kept on hold since January 2024, for want of Board's ratification on the actions taken earlier in regard to 7 ACA Project. This raises serious concerns as to the future prospects of the Project. Additionally, pending ratification of actions taken in the past on 7 ACA Project by the Board and the outcome of investigation and necessary approvals to be obtained as highlighted at para b) above, adjustments, if any, to the amounts of Project capital work-in-progress as reflected in these financial statements and the implications, if any, on account of commitments assumed are not presently ascertainable. Further, the management has not carried out any physical verification of assets procured for 7 ACA Project and lying under capital work-in-progress.
- f) As referred to in Note 21 to the financial statements, creditors for capital expenditure on account of 7ACA Project are subject to confirmation. As a result, the liabilities towards various suppliers as reflected in these financial statements may not be accurate and complete. Accordingly, adjustments, if any, to the amount of liabilities on account

of Bulk Drug 7 ACA project are not presently ascertainable.

- g) In view of various violations/irregularities, omissions and concealment of facts as detailed above, we have a reason to believe than an offence of fraud involving individually an amount of rupees one crore or above may have been committed on the Company. Accordingly, based on our suspicion, we have reported the matter to the Central Government under the provisions of Section 143(12) of the Act read with Rule 13 of Companies (Audit and Auditors) Rules, 2014.

2. Trade Receivables and other Current liabilities (Refer Note 8.1, 8.2, 8.3 & 22.2 to the Financial Statements)

- a) Balance confirmations have not been received from majority of the customers-Rs. 10,823.34 lakhs. Consequently, reconciliation of trade receivable balances with the respective customers has not been carried out by the Company. Although 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, the impact of adjustments, if any, on these financial statements is not presently ascertainable.
- b) Other Current liabilities include Rs. 833.04 lakhs in the nature of Advance from Customers, being the amounts received from parties mostly on account of sales. The details of customers who made the payments are not presently known. The reconciliation of such receipts is under process and hence identification of the respective parties, who made the payments is currently pending.

3. Current-other Financial Assets, Other Current Assets (Refer Note 12.1, 14.1 & 14.2 to the Financial Statements)

- a) Deposits with Government departments and balances with Government authorities are subject to confirmation and reconciliation respectively. Pending the same, the impact of adjustments, if any, on these financial statements is not presently ascertainable.

4. Inventories (Refer Note 7 to the Financial Statements)

- a) The management has not carried out physical verification of inventories aggregating to Rs.



1,319.62 lakhs lying at branch offices of the Company. In the absence of physical verification, the existence of such inventories and the impact of adjustments, if any, required to the values of Inventories as reflected in these financial statements are not presently ascertainable.

- b) The management, in the valuation of finished goods, has not considered any adjustments in values for items identified as Not of Saleable Quality ("NSQ"). Currently such items are carried at lower of cost and net realisable value like other saleable items in inventory. The impact of adjustments, if any, to the values of inventories as reflected in these financial statements is not presently ascertainable.
- c) The management has made adjustments for slow moving items in the inventory of raw materials only on the basis of aging and without giving any consideration to the actual usage, expiry dates and condition etc., As a result, adjustments in the values of raw materials on account of slow-moving, obsolete and damaged items of inventory, if any, are presently not ascertainable.
- d) The stock records of the Company, contain 130 items of finished goods, reflecting aggregate negative quantity of 1,73,139.90 Nos. and negative values of Rs. 80.93 Lakhs. Reconciliation of these negative values is pending and impact of adjustments, if any, on account of the same has not been ascertained by the management.

5. Trade payables (Refer Note 20.1 to the Financial Statements)

- a) Balance confirmations have not been received from majority of the creditors-Rs. 5,750.74 lakhs. Consequently, reconciliation of trade payable balances with the respective creditors has not been carried out by the Company. Although 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, the impact of adjustments, if any, on these financial statements is not presently ascertainable.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of Bulk Drug 7 ACA Project, Trade receivables, Other Current liabilities, Current-other

Financial Assets, Other Current Assets, Inventories, Trade payables and the elements making up the Statement of Profit and Loss and the Statement of Cash Flows.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Since the Director's report is not available to us as on the date of this report, we are not able to perform any work and consequently not in a position to report whether there is any material misstatement of this other Information.

Responsibilities of management and those charged with governance for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, Cash Flows and changes in equity 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 provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with the Standards on Auditing and to issue an auditor's report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matter

1. The financial statements of the Company for the year ended on March 31, 2023 were audited by another auditor who, vide their audit report dated July 18, 2023, has expressed Un-modified opinion on those financial statements.

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 Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor- General of India, the actions taken thereon and its impact on the financial statements of the Company are given in the Annexure-B.

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

- a) We have sought all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, but to the extent described in the "Basis for Disclaimer of Opinion" section of this report, we were unable to obtain such information.
- b) Due to the possible effects of the matters described in the "Basis for Disclaimer of Opinion" section of this report, in view of matters stated in paragraph (i) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules") we are unable to state whether 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) Read with the matters described in the "Basis for Disclaimer of Opinion" section of this report, the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity dealt with by this report, are in agreement with the books of account.
- d) Due to the possible effects of the matters described in the "Basis for Disclaimer of Opinion" section of this report, we are unable to state whether the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Act.
- e) The matters described in the "Basis for Disclaimer of Opinion" section of this report, in our opinion, may have an adverse effect on the functioning of the Company.
- f) Being a Government company, the Company is exempted from the provisions of Section 164(2) of the Act regarding disqualification of directors vide notification GSR-463(E) dated 5th June 2015 issued by Government of India, Ministry of Corporate Affairs.
- g) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g) of the Rules.



- h) With respect to the adequacy of the Internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-C", which expresses a disclaimer of opinion on the Company's internal financial controls with reference to financial statements of the Company for the reasons stated therein.
- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 33A(i) to the financial statements) except to the extent of multiple civil and criminal litigations on the Company and its officials/ex-officials on Issues relating to quality of the drugs supplied, supply of medical kits etc., the impact of which on the financial position of the Company is not presently ascertainable.
 - ii. The Company was not required to recognise a provision as at March 31, 2024, under the applicable law or accounting standards, as it does not have any material foreseeable losses, on long term contracts. The Company did not have any derivative contracts as at March 31, 2024.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2024.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 48(vii) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified In any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 48(viii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), Including foreign entitles ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our attention that caused us to believe that the representations made under sub-clause (a) and (b) contain any material misstatement.
- v. The company has declared and paid dividend during the year which is in compliance with Section 123 of the Act.
- vi. Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature of the aforesaid software has not been operated throughout the year for all transactions recorded in the software in view of non-maintenance of the same in case of modifications by certain users with specific access and for direct database changes. Hence the question of our commenting on whether the audit trail was tampered with, does not arise.



j) 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.

k) The Company does not have requisite number of independent directors on the Board as prescribed under Section 149 of the Act read with the Government of India Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

For **Laxminiwas & Co.**
Chartered Accountants
ICAI Firm Registration Number: 011168S

Gaurav Jashwant Shah
Partner
Membership No.: 229420
UDIN: 24229420BKGTYE6383

Place: Bangalore
Date: December 18, 2024

**ANNEXURE – A : TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Karnataka Antibiotics and Pharmaceuticals Limited on the financial statements for the year ended March 31, 2024.

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

- i. In respect of the Company's property, plant and equipment & intangible assets:
 - a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment right-of-use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b) The Property, Plant and Equipment are physically verified by the management in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
 - c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held In the name of the company.
 - d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.
 - e) According to the information and explanations given to us, no proceedings have been initiated on (or) are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended 2016) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in the financial statements does not arise.
- ii.
 - (a) The physical verification of inventory (excluding stocks lying at branches of the Company and goods-in-transit) has been conducted by the management at the end of the year and, in our opinion the coverage and procedure of such verification by management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory. The management has not carried out physical verification of inventories lying at branch offices of the Company and hence the coverage is not appropriate and reporting on the discrepancies, if any, in this regard does not arise.
 - (b) During the year the Company has renewed the existing working capital limits in excess of Rs. 5 crores in aggregate from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are not in agreement with the unaudited books of account as set out below (Also refer Note 19 to the financial statements).

Name of the Bank	Aggregate working capital limits sanctioned (Rs. in Lakhs)	Nature of current asset offered as security	Quarter Ended	Amount disclosed as per quarterly return/ statement (Rs. in Lakhs)	Amount as per books of account (Rs. in Lakhs)	Difference (Rs. in Lakhs)	Reasons for difference
Bank of Baroda & SBI	550	Inventory & book debts on parl-passu basis	June'23	19,621	22,928	3,307	Estimated amount given to banks beyond cover period
Bank of Baroda & SBI	550	Inventory & book debts on parl-passu basis	September' 23	16,564	21,623	5,059	Estimated amount given to banks beyond cover period
Bank of Baroda & SBI	550	Inventory & book debts on parl-passu basis	December' 23	20,678	23,616	2,938	Estimated amount given to banks beyond cover period
Bank of Baroda & SBI	550	Inventory & book debts on parl-passu basis	March' 24	18,147	19,027	880	Estimated amount given to banks beyond cover period

- iii. 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 during the year. Accordingly, reporting under paragraph 3(iii)(a),(b),(c),(d),(e) and (f) of the Order is not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits under the directives of the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules made thereunder, where applicable. Accordingly, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section 1 of Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However,

we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

- vii. (a) In our opinion, the Company is generally regular in depositing the 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 other material statutory dues, as applicable, with the appropriate authorities. Further, there were no arrears of outstanding statutory dues as on the last day of the financial year 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 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 other material statutory dues, as applicable, which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
VAT Act-Bihar	Liability towards sales tax pending In appeal before various appellate Authorities towards exempted sales of gauge & bandages, feed supplements, export sales disallowed & tax imposed (LST)	7.33	FY 1999-2000	JCCT, Patna
CST Act-Bihar	Liability towards sales tax pending In appeal before various appellate Authorities towards exempted sales of gauge & bandages, feed supplements, export sales disallowed & tax imposed (CST)	0.19	FY 1999-2000	JCCT, Patna
VAT Act-Bihar	Liability towards sales tax pending in appeal before various appellate Authorities towards exempted sales of gauge & bandages, feed supplements, export sales disallowed & tax imposed (LST)	7.14	FY 2000-2001	JCCT, Patna
CST Act-Bihar	Liability towards sales tax pending in appeal before various appellate Authorities towards exempted sales of gauge & bandages, feed supplements, export sales disallowed & tax imposed (CST)	3.73	FY 2000-2001	JCCT, Patna
Income Tax Act, 1961	TDS Credit disallowed	4.12	FY 2016-17	CIT APPEALS

- viii. According to the information and explanations given to us, there were no transactions previously unrecorded in the books of account 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) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) As informed to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- c) The Company has not obtained any term loans during the year ended 31st March 2024 and there was no unutilised balance of term loan obtained in earlier years as on 1st April 2023. Accordingly reporting under paragraph 3(ix)(c) of the Order is not applicable to the Company,

- d) According to the information and explanations given to us, the Company has not raised funds on short-term basis. Accordingly reporting under paragraph 3(ix)(d) of the Order is not applicable to the Company.
- e) According to the information and explanations given to us and the audit procedures performed by us, we report that the Company did not have any subsidiaries, associates or joint ventures during the year. Accordingly reporting under paragraph 3(ix)(e), (ix)(f) of the Order are not applicable to the Company.
- x. a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.
- xi. a) As informed to us, to the best of knowledge of management of the Company, there has been no instance of fraud by the company or any fraud on the company noticed or reported during the year. However, in view of the matters referred to in paragraph 1 of the "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date on the financial statements of the Company, we have a reason to believe that an offence of fraud involving individually an amount of rupees one crore or above has been committed on the Company by its officers/employees. Accordingly, we have reported the matter to the Central Government under the provisions of Section 143(12) of the Act read with Rule 13 of Companies (Audit and Auditors) Rules, 2014. Pending outcome of detailed investigation by the Board, the amounts involved thereof are not ascertainable. Also refer paragraphs I(b) and I(e) of the "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date on the financial statements of the Company.
- b) We have filed a report under sub-section (12) of Section 143 of the Act in Form No. ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government on 25th October 2024.
- c) As represented to us by the management, as the Company is unlisted, the Company has not established whistle-blower reporting mechanism. Accordingly reporting under paragraph 3(xi)(c) of the Order is not applicable to the Company.
- xii. The Company is not a Nidhi company. Accordingly reporting under paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion, the internal audit system of the Company is not commensurate with the size and nature of its business.
- b) The reports of the internal auditors for the period under audit were considered by us.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors. Accordingly reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting under paragraph 3(xvi)(a) of the Order is not applicable to the Company.
- b) The Company has not conducted non-banking financial/housing finance activities during the year. Accordingly reporting under paragraph 3(xvi)(b) of the Order is not applicable to the Company.



- (c) The Company is not a Core Investment Company (CIC) as defined In the regulations made by the Reserve Bank of India. Accordingly reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- d) The Company is not part of any Group (as defined in the Core Investment Companies (Reserve Bank of India) Directions, 2016). Accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under paragraph 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. As at the Balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under paragraph 3(xx) of the Order is not applicable to the Company.
- xxi. The reporting under paragraph 3 (xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said paragraph has been included in this report.

For **Laxminiwas & Co.**
Chartered Accountants
ICAI Firm Registration Number: 011168S

Gaurav Jashwant Shah
Partner
Membership No.: 229420
UDIN: 24229420BKGTYE6383

Place: Bangalore
Date: December 18, 2024



ANNEXURE – B : TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Karnataka Antibiotics and Pharmaceuticals Limited on the financial statements for the year ended March 31, 2024.

Report on the Directions of the Comptroller and Auditor General of India required under sub section 5 of section 143 of the Act

Sl. No.	Directions	Response
1	Whether the company has IT system in place to process all the accounting transactions 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.	As per the information and explanations given to us, the Company has a system in place to process all the accounting transactions through IT system. Based on the audit procedures carried out and the information and explanations given to us, no accounting transactions have been processed outside the IT system. The audit trail feature of the accounting software used for maintaining the books of account of the Company is not maintained in case of modifications by certain users with specific access and for direct database changes.
2	Whether there any restructuring of an existing loan 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, the financial impact may be stated. (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company).	Based on the audit procedures carried out and as per the information and explanations given to us, there were no cases of restructuring or waivers/ write-off of debts/loans/ interest etc., during the financial year 2023-24 with regard to amounts borrowed by the Company.
3	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per term and conditions? List the cases of deviation.	Not Applicable since the Company has neither received nor any amounts are receivable from any specific schemes of the Central and State agencies.

For **Laxminiwas & Co.**
Chartered Accountants
ICAI Firm Registration Number: 011168S

Gaurav Jashwant Shah
Partner
Membership No.: 229420
UDIN: 24229420BKGTYE6383

Place: Bangalore
Date: December 18, 2024

ANNEXURE – C : TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 3(h) under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Karnataka Antibiotics and Pharmaceuticals Limited on the financial statements for the year ended March 31, 2024.

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Act

We were engaged to audit the internal financial controls with reference to financial statements of Karnataka Antibiotics and Pharmaceuticals Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal financial controls with reference to financial statements based on our audit. We were engaged to audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI.

Because of the matters described in the "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date on the financial statements of the Company, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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.

Disclaimer of Opinion

Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date on the financial statements of the Company, we are unable to determine if the Company



has established adequate internal financial controls with reference to financial statements and whether they were operating effectively as at March 31, 2024. Accordingly, we do not express an opinion on the Internal financial controls with reference to financial statements.

Explanatory Paragraph

We have considered disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2024 and this report has affected our opinion on the said financial statements of the Company and we have issued a disclaimer of opinion on the financial statements of the Company.

For **Laxminiwas & Co.**
Chartered Accountants
ICAI Firm Registration Number: 011168S

Gaurav Jashwant Shah
Partner
Membership No.: 229420
UDIN: 24229420BKGTYE6383

Place: Bangalore
Date: December 18, 2024

MANAGEMENT REPLIES TO THE STATUTORY AUDIT QUALIFICATION ON THE FINANCIAL STATEMENTS 2023-24

Sl. No.	Statutory Audit Qualification	Management Reply
1.a	<p>The Board of Directors of the Company ("Board") in the year 2021 had approved an investment of Rs 275 Crores to set up a new manufacturing facility for manufacturing of Bulk Drug 7 ACA for a capacity of 1,440 MT/Year and incurred capital expenditure on that basis. Such approval was in violation of Department of Public Enterprises' Office Memorandum dated 5th August, 2005 which permitted the Company to incur capital expenditure on new projects without the approval of Central Government up to Rs 500 Crores or equal to the net-worth of the Company, whichever is less. The Company's net worth was only Rs. 230 Crores as on the date on which the project was approved by the Board, which necessitated prior approval of the Government of India. Hence the commencement of the Project and incurring of expenditure thereon are ultra vires the Board.</p> <p>Further, the capacity of the project was reduced from the original 1,440 MT to 1,000 MT apparently without intimation to or formal approvals from the Board, questioning the initial project specifications and the cost estimates. Implications, if any, of the above reduction in capacity on the costs already incurred, commitments assumed and overall estimated project costs is not presently ascertained.</p>	<p>Prior to the commencement of the Project, the company had placed the information on the project before the Department of Pharmaceuticals (DoP), Government of India in its Review Meeting held on 8th July 2020 and before the Board in its 174th Meeting held on 8th December 2020. Thus, information on the project was duly placed before the Competent authorities prior to commencement of the project.</p> <p>Further, the approval for taking up the project at a cost of Rs 288.75 crores has been obtained from DoP vide letter No. 3-35011/1/2023-PSU dated 13th March 2024.</p> <p>Hence, ultra vires is no more applicable.</p> <p>Reduction of the capacity from 1,440 MT to 1,000 MT was in line with the PLI approval received from IFCI, the nodal agency for the PLI scheme, vide letter no. IFCI/CASD/DoP/PLI-210201013 dated 1.2.2021 and the same was duly informed to the Board in its 175th meeting held on 31.03.2021.</p> <p>Techno-feasibility report was prepared for 1440 MT. Application for PLI was to be made online and the online system allowed capacity to be filled up in the multiples of 1000 MT. Accordingly, KAPL applied for 2000 MT. However, later in discussions with IFCI the capacity for PLI application was reduced to 1000 MT.</p>
1.b	<p>The Company, in the month of March 2024, has obtained approval from the Government of India for incurring capital expenditure for setting up the Project at a total capital cost of Rs.288.75 Crores (Rs.275 Crore plus estimated interest cost, till commencement of production by March 2025 of Rs.13.75 Crores). Further through the said approval, the Company has been advised to produce D-7 ACA from the same plant as 7 ACA and prepare a supplementary project proposal for D-7 ACA and obtain the approval of the Board, which is pending.</p> <p>However, we have noted that in the case of 7 ACA Project, purchase orders/ work orders have been issued by the Company based on a revised estimated Project cost of Rs. 436 Crores without the knowledge of the Board and approvals from the Government. It is also noted that the estimated costs for the purchases/works are found to be more than the amounts estimated in the Techno Economic Feasibility Report of the Project.</p>	<p>Company diligently adheres to Govt. directives. The proposal for taking up additional project of D-7 ACA at an additional outgo of Rs 50 crore was put up to the Board in 188th meeting dated 09.5.2024.</p> <p>The Board was apprised of the revised cost in the 188th Board meeting dated 09.5.2024.</p> <p>POs are not based on estimates but are awarded based on price discovery ascertained through tendering process. Techno feasibility report was prepared prior to the Board approval dated 08.12.2020 and the cost revision was placed before the Board in the 188th meeting dated 09.5.2024. With elapse of 4 years the cost change is expected. Further, the tolerance inbuilt in the initial estimate was +/- 50% which indicates the confidence level of the estimate and reliability thereof. Further, M/s GPCL Consulting Services Limited, an arm of EXIM bank (A Govt of India concern) vide their letter dated 29.8.2024 have confirmed that the POs are placed at justified costs as per prevalent market rates.</p>

Sl. No.	Statutory Audit Qualification	Management Reply
	<p>Further finalisation of sources of funds required for completion of the Project, considering the increased Project cost, is pending as on date. Commitment of funds of the Company without necessary approvals and sources is in gross violation of the fiduciary responsibilities of the management of the Company.</p> <p>The Board has sought a detailed investigation on the revised project costs and the Outcome of the same is awaited. Pending outcome of the investigation, we are informed that the Board has not ratified the expenditure already incurred and orders already placed by the Company.</p>	<p>The envisaged source of funds for the increased project cost (i.e. the term loan from Exim Bank), was informed to the Board in its 193rd meeting dated 05.10.2024. Against our tender for obtaining term loan, the EXIM bank informed their in-principle approval to provide the term loan of Rs 360 crore vide their letter dated 09.9.2024. Company envisaged to avail this loan upon approval of the enhanced project cost by the competent authorities.</p> <p>As desired by the Board M/s GPCL Consulting Services Limited, an arm of EXIM bank (A Govt of India concern) was appointed for assessment of the project on its financial, technical and feasibility aspects in view of the revised escalated project cost from Rs 275 to 436 cr. The outcome of this assessment was presented to the Board in its 190th meeting dated 17.8.2024. As per GPCL report's conclusion (page 23) the financials are generally in order suggesting that the project is financially viable.</p>
1.c	<p>The Board has commissioned an internal audit/investigation into 7 ACA project by an Independent consultant. The Consultant in his report has pointed out several violations/irregularities. Based on the findings in the report, the matter has been referred to the Chief Vigilance Officer ("CVO") of the Company for examination and for recommending fixing of responsibility and/or disciplinary action against the concerned officers of the Company. As per the response of the CVO, the irregularities committed fall under the categories-Gross or wilful negligence; Recklessness in decision making; Blatant violations of systems and procedures; Exercise of discretions in excess, where no ostensible public interest is evident; Failure to keep the controlling authority/superiors informed of required transactions and issues in time; Cause of undue loss or a concomitant gain to an individual or a set of individuals / a party or parties; and any undue / unjustified delay in the disposal of a case. The CVO, among others has recommended fixing responsibility for the violations/irregularities on certain officers of the Company.</p> <p>Based on the preliminary investigation, the Company has issued show cause notices to the concerned officials seeking explanation on identified violations/irregularities. We are informed that the Company is in the process of taking necessary action on the basis of responses received. Additionally, the CVO has suggested examination by the Company as to whether the circumstances in this case lead to creating doubts about integrity of the officers concerned, which needs to be decided by the Disciplinary authority with the help of the CVO. Further action from the Company in this regard is pending.</p>	<p>The CVO in his letter dated 23rd July 2024 observed that it appears from the facts and circumstances that the violations are not wilful in nature but due to erroneous interpretation and wrong understanding. There is no evidence or compelling circumstances to doubt the integrity of the officers involved.</p> <p>In view of the above the contentions of the statutory auditors are misplaced and are due to incorrect interpretation of the CVO Findings.</p> <p>Further, the Vigilance Section of the Department of Pharmaceuticals, Govt. of India vide letter dated 27th May 2025 have observed that there is no vigilance angle and these are purely administrative lapses.</p>

Sl. No.	Statutory Audit Qualification	Management Reply
1.d	The Techno-Economic Viability report on the Project raised concerns about issuing purchase orders for key process equipment even before finalising the technology provider for the manufacture of 7 ACA, thereby posing a potential risk to the project viability as such. Although the Project commenced around July/August 2022, the process of appointing technology provider was initiated only in September 2024.	<p>The process of appointing technology provider was initiated by floating tender on 23.7.2022 (and not in Sept 2024 as contended by the auditor).</p> <p>As the basic design of upstream as well as utility equipment is standard the same were took up for implementation to optimise the project completion time.</p>
1.e	On the basis of our visit to Project site, we have noted that currently all project works have been stalled. Further we understand that the Project is kept on hold since January 2024, for want of Board's ratification on the actions taken earlier in regard to 7 ACA Project. This raises serious concerns as to the future prospects of the Project. Additionally, pending ratification of actions taken in the past on 7 ACA Project by the Board and the outcome of investigation and necessary approvals to be obtained as highlighted at para b) above, adjustments, if any, to the amounts of Project capital work-in-progress as reflected in these financial statements and the implications, if any, on account of commitments assumed are not presently ascertainable. Further, the management has not carried out any physical verification of assets procured for 7 ACA Project and lying under capital work-in-progress.	<p>Board in its 193rd meeting dated 05.10.2024 desired to explore the possibility of any other PLI applicants who are ready to take over the project on as-is-where-is basis. Accordingly, No-Objection-Certificate was obtained from DoP vide letter dated 14.11.2024 and the Expression of Interest (EoI) was floated on 16.11.2024. Four responses were received for the EoI which was informed to the Board in their meeting dated 09.12.2024. Only upon successful completion of the EoI process the project can be transferred to the suitable EoI applicant.</p> <p>Considering the present status of EoI no adjustments to capital work-in-progress are required.</p> <p>Asset verification can/ shall be taken up upon capitalization of the project.</p>
1.f	As referred to in Note 21 to the financial statements, creditors for capital expenditure on account of 7ACA Project are subject to confirmation. As a result, the liabilities towards various suppliers as reflected in these financial statements may not be accurate and complete. Accordingly, adjustments, if any, to the amount of liabilities on account of Bulk Drug 7 ACA project are not presently ascertainable.	The creditors for 7 ACA project have been reconciled with confirmation received from respective creditor and are matching with books of account.
1.g	In view of various violations/irregularities, omissions and concealment of facts as detailed above, we have a reason to believe than an offence of fraud involving individually an amount of rupees one crore or above has been committed on the Company. Accordingly, based on our suspicion, we have reported the matter to the Central Government under the provisions of Section 143(12) of the Act read with Rule 13 of Companies (Audit and Auditors) Rules, 2014.	<p>The matter was examined by CVO, KAPL, who is a senior officer from Indian Revenue Services (IRS) of Government of India. The CVO in his letter dated 23rd July 2024 observed that it appears from the facts and circumstances that the violations are not wilful in nature but due to erroneous interpretation and wrong understanding. There are no evidence or compelling circumstances to doubt the integrity of the officers involved.</p> <p>In view of the above the contentions of the statutory auditors are misplaced and are due to incorrect interpretation of the CVO Findings.</p> <p>Further, the Vigilance Section of the Department of Pharmaceuticals, Govt. of India vide letter dated 27th May 2025 have observed that there is no vigilance angle and these are purely administrative lapses.</p>

Sl. No.	Statutory Audit Qualification	Management Reply
2.a	Balance confirmations have not been received from majority of the customers- Rs. 10,823.34 lakhs. Consequently, reconciliation of trade receivable balances with the respective customers has not been carried out by the Company. Although 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, the impact of adjustments, if any, on these financial statements is not presently ascertainable.	<p>Most of our customers are Government agencies/ institutions. The confirmation from these agencies takes time and in some cases is not received even with due follow up. However, sufficient details of trade receivables are available with the company to corroborate the data and ensure that it does not have material impact on the financial statements.</p> <p>The total sundry debtor as on 31st March 2024 was Rs. 12,025 lakhs. Of these Rs 7,061.42 lakhs was for government institutions. The balance of Rs 4,963.58 lakh was for the non-government customers.</p>
2.b	Other Current liabilities include Rs. 833.04 lakhs in the nature of Advance from Customers, being the amounts received from parties mostly on account of sales. The details of customers who made the payments are not presently known. The reconciliation of such receipts is under process and hence identification of the respective parties, who made the payments, is currently pending.	<p>Customer like ESIC, Defence, Ayush Missions, other Government institutions make payment from the centralised treasury for all over India without providing the details of the corresponding invoices.</p> <p>As a practice our branches spread across country collect these invoice wise details where after the reconciliation is carried out. Hence, reconciliation is a continuous process which cannot be done at a time.</p>
3.a	Deposits with Government departments and balances with Government authorities are subject to confirmation and reconciliation respectively. Pending the same, the impact of adjustments, if any, on these financial statements is not presently ascertainable.	<p>In our case, the deposits with Government departments and balances with the Government authorities pertain to agencies like BESCO, HESCO, EMDs with Government Institutions, and Deposit with GAIL for gas connection etc. Normally confirmations pertaining to other than EMDs are obtained whereas details for EMDs take time or are not provided by government agencies.</p> <p>As on 31.3.2024, confirmations for Rs 129.94 lakhs were received against the total of Rs.346.37 lakhs.</p>
4.a	The management has not carried out physical verification of inventories aggregating to Rs 1,319.62 lakhs lying at branch offices of the Company. In the absence of physical verification, the existence of such inventories and the impact of adjustments, if any, required to the values of inventories as reflected in these financial statements are not presently ascertainable.	<p>The observation has been noted and is being complied.</p> <p>As on 31.03.2024, 81% of the total inventory (i.e. inventory of Rs 5,304 lakh against total inventory of Rs 6,624 lakh) was physically verified.</p>
4.b	The management, in the valuation of finished goods, has not considered any adjustments in values for items identified as Not of Saleable Quality ("NSQ"). Currently such items are carried at lower of cost and net realisable value like other saleable items in inventory. The impact of adjustments, if any, to the values of inventories as reflected in these financial statements is not presently ascertainable.	<p>As per procedure inventory is taken as NSQ only upon due scrutiny by Quality Assurance department followed by Management approval. As on 31.03.2024, the inventory worth only Rs 2.32 Lakhs was deemed to be NSQ pending QA and management approval; and accordingly, was not accounted as NSQ inventory in the books of accounts.</p>
4.c	The management has made adjustments for slow moving items in the inventory of raw materials only on the basis of aging and without giving any consideration to the actual usage, expiry dates and condition etc., As a result, adjustments in the values of raw materials on account of slow-moving, obsolete and damaged items of inventory, if any, are presently not ascertainable.	<p>The prevalent practice of using aging as the criteria for deciding slow moving items provides consistency in decision and is compliant to Ind AS 2.</p>

Sl. No.	Statutory Audit Qualification	Management Reply
4.d	The stock records of the Company, contain 130 items of finished goods, reflecting aggregate negative quantity of 1,73,139.90 Nos. and negative values of Rs. 80.93 Lakhs. Reconciliation of these negative values is pending and impact of adjustments, if any, on account of the same has not been ascertained by the management.	Physical verification of these inventories was done in the presence of statutory auditor and which matched inventory with stock records.
5.a	Balance confirmations have not been received from majority of the creditors-Rs. 5,750.74 lakhs. Consequently, reconciliation of trade payable balances with the respective creditors has not been carried out by the Company. Although 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, the impact of adjustments, if any, on these financial statements is not presently ascertainable.	Noted for compliance.
	OTHER MATTERS	
3.b	Report on other legal and regulatory requirements Due to the possible effects of the matters described in the "Basis for Disclaimer of Opinion" section of this report, in view of matters stated in paragraph (i) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules") we are unable to state whether 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.	Proper books of accounts are maintained as per section 128(1) of the Companies Act 2013, and other applicable laws.
3.d	Due to the possible effects of the matters described in the "Basis for Disclaimer of Opinion" section of this report, we are unable to state whether the aforesaid financial statements comply with the accounting standards specified under Section 133 of the Act.	Financial Statements of the company are compliant with the accounting standards specified under section 133 of the Companies Act, 2013.
3.i(i)	The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 33A (i) to the financial statements) except to the extent of multiple civil and criminal litigations on the Company and its officials/ ex-officials on issues relating to quality of the drugs supplied, supply of medical kits etc., the impact of which on the financial position of the Company is not presently ascertainable.	The company is making suitable provisions/ disclosures towards all applicable legal cases as per the Indian accounting standards/ norms.
3.i(vi)	Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature of the aforesaid software has not been operated throughout the year for all transactions recorded in the software in view of non-maintenance of the same in case of modifications by certain users with specific access and for direct database changes. Hence the question of our commenting on whether the audit trail was tampered with, does not arise.	The Ministry of Corporate Affairs (MCA) vide notification dated 31.03.2022 extended implementation of audit trail software to the financial year commencing on or after 1st April 2023. Even though the earlier accounting software had no provisions for the Audit trail, the same was successfully implemented in our company in the FY 2023-24 itself. The Audit trail was maintained for entire year except for the few transactions in initial two months viz. April and May 2023.



Sl. No.	Statutory Audit Qualification	Management Reply
	Annexure-A to the Independent Auditors' Report	
II (b)	During the year the Company has renewed the existing working capital limits in excess of Rs. 5 crores in aggregate from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are not in agreement with the unaudited books of account as set out below (Also refer Note 19 to the financial statements).	The quarterly return submitted to the bank normally differs from the books of account of the company as the figures with respect to the sundry debtors submitted to the bank do not include the amounts that are more than one year old.

For **Karnataka Antibiotics and Pharmaceuticals Limited**

Ramesha B
Asst. General Manager – Finance



Secretarial Audit Report for the Financial Year ended 31st March 2024

[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 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 2024, 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 2024 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. 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.
6. 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.

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 subject to the qualifications mentioned in paragraph 8 below. the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors 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 that during the audit period, 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 2023-24 the Company did not comply with provisions of Section 173 of the Companies Act, 2013 the Secretarial Standard - SS-1 and 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 calendar Financial Year 2023-24 was more than three months on one occasion.



- 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 In the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of Audit Committee, Nomination and Remuneration Committee and CSR Committee.

Place : Bengaluru
Date : 15th October, 2024
UDIN No. F003000F001563537
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 2024**

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 a 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 the happenings 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 : 15th October, 2024
UDIN No. F003000F001563537
Peer Review Unique ID No.I2014KR1122000

K N Nagesha Rao
Practising Company Secretary
FCS 3000 CP 12861

QUALIFICATION OF SECRETARIAL AUDITORS FOR 2023-24

Para No.	Audit Observation	Management Reply
8.1	During the financial year 2023-24, the Company did not comply with the provisions of Section 173 of the Companies Act, 2013, the Secretarial Standard - SS-1 and 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 2023-24 was more than three months on one occasion.	The audit observation has been noted.
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, Powers to appoint Directors is with Government of India. Our request for appointment of Independent Director has been submitted to and is under consideration of the Government of India.
8.3	In the absence of two Independent Directors, the Company could not validly constitute, hold and conduct Meetings of Audit Committee, Nomination and Remuneration Committee and CSR Committee.	As per the provisions of Memorandum and Articles of Association of the Company, Powers to appoint Directors is with Government of India. Our request for appointment of Independent Director has been submitted to and is under consideration of the Government of India.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Place: Bengaluru

Date: 13.12.2025

(Harsha Gupta)

Chairman

DIN : 05150654



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. CW/2-22/KAPL/2024-25/ 783

Date: 16.07.2025

To,

Managing Director
Karnataka Antibiotics and Pharmaceuticals Limited,
ARKA-The Business centre, Plot No—37,
Site No-34/4, NTTF Main Road,
Peenya Industrial 2nd phase, Bengaluru-560058

Subject: Comment Certificate on the Financial Statements of Karnataka Antibiotics and Pharmaceuticals Limited for the year ended 31st March 2024.

Sir

Please find attached along with this letter Comment certificate of the Comptroller & Auditor General of India on the Financial Statements of Karnataka Antibiotics and Pharmaceuticals Limited for the year ended 31st March 2024. Management Letter on the financial statements will follow the issue of this communication.

You are requested to acknowledge the receipt of this communication.

Yours faithfully,

Encl.: As above.



(Ekta Singh)
Dy. Director (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 AND PHARMACEUTICALS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024.

The preparation of financial statements of Karnataka Antibiotics and Pharmaceuticals Limited, Bengaluru for the year ended 31 March 2024 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 auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the Financial Statements under section 143(2) 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 18.12.2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Karnataka Antibiotics and Pharmaceuticals Limited, Bengaluru for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENT ON PROFITABILITY

Tax Expense -Current Tax-512.39 lakh

Provision of Income Tax for current year was made as 512.39 lakh, whereas the navable amount of taxes worked out to 582.81 lakh. This is in violation of Para 46 of Ind AS 10 which provides that current tax shall be measured at the amount expected to be paid to taxation authorities.

This has resulted in understatement of Current Tax Expense 70.42 lakh and overstatement of Profit for the year by the same amount.

B. OTHER COMMENTS

The Financial Statements have been formally approved in 195th Board meeting held on 09 December 2024 and signatories were authorised. But the financial statements were signed on 03 December 2024 which is a violation of Section 134 of the Companies Act, 2013 which inter alia states that the financial statement shall be approved by the Board of Directors before they are signed on behalf of the Board.

**For & On behalf of the
Comptroller & Auditor General of India**



(Saurav Kumar Jaipuriyar)
Additional Dy. C&AG

Place: New Delhi
Date: 16.07.2025

REPLIES TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE FINANCIAL STATEMENTS OF KARNATAKA ANTIBIOTICS AND PHARMACEUTICALS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024.

PARA NO.	C& AG OBSERVATION	COMPANY REPLY
A	<p>COMMENT ON PROFITABILITY</p> <p>Tax Expense -Current Tax- ₹ 512.39 lakh</p> <p>Provision of Income Tax for current year was made as ₹ 512.39 lakh, whereas the payable amount of taxes worked out to ₹ 582.81 lakh. This is in violation of Para 46 of Ind AS 10 which provides that current tax shall be measured at the amount expected to be paid to taxation authorities.</p> <p>This has resulted in understatement of Current Tax Expense ₹ 70.42 lakh and overstatement of Profit for the year by the same amount.</p>	<p>As per Ind AS 12, the provision for current tax in the financial statements for FY 2023-24 was made on the basis of estimated taxable income and the applicable tax rates available at the time of finalizing the accounts. However, while filing the Income Tax Return on 31.12.2024, the final tax liability differed due to various factors, including:</p> <ul style="list-style-type: none"> • Treatment under Section 43B of Income Tax Act, where certain expenses are allowable only on payment basis. For instance, gratuity payment of ₹200 lakh made during FY 2024-25 was considered in the provision for taxation, whereas the same was not considered in the return since it resulted in a refund position. • Omission of certain items such as VRS expenses of ₹21.45 lakh and a mistake in the calculation of notional lease rent at the time of provision computation. • Accordingly, understatement of current tax expenses by ₹ 70.42 Lakhs is as per tax planning/unintentional reasons. • Further, the necessary adjustment of this amount of ₹70.42 lakh will be duly considered in subsequent financial statements under the head Income Tax of Earlier Years. This is in line with the Schedule III of the Companies Act, 2013.
B	<p>OTHER COMMENTS</p> <p>The Financial Statements have been formally approved in 195th Board meeting held on 09 December 2024 and signatories were authorized. But the financial statements were signed on 03 December 2024 which is a violation of Section 134 of the Companies Act, 2013 which inter alia states that the financial statement shall be approved by the Board of Directors before they are signed on behalf of the Board.</p>	<p>The financial statements were approved by the Board on 03.12.2024, the fact of which was recorded as such. The Financial Statements were signed by the authorized Directors post approval. However, the resolution of approving the financial statement was not included in the Board Meeting Minutes. While Noting the Minutes in the subsequently held Board Meeting on 09th December 2024, the resolution was added.</p>

(Rupees in Lakhs)

PARTICULARS	Note No.	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets :			
(a) Property, Plant and Equipment	2A	7821.08	7688.24
(b) Intangible Assets	2A	65.81	3.15
(c) Capital Work in Progress	2B	7215.92	923.94
(d) Right-of-use assets	37	907.57	995.14
(e) Financial assets			
- Loans	3		0.02
- Others	4	598.67	419.35
(f) Deferred tax assets (Net)	5	-	-
(g) Other non-current assets	6	225.70	2765.56
Total Non-current assets		16834.75	12795.40
Current assets			
(a) Inventories	7	6623.80	7262.01
(b) Financial assets			
- Trade Receivables	8	12025.00	12312.07
- Cash and cash equivalents	9	2360.17	1478.26
- Bank Balances other than above	10	2019.09	4788.02
- Loans	11	96.32	98.33
- Others	12	187.05	208.08
(c) Current Tax Assets (Net)	13	321.59	217.41
(d) Other current assets	14	2013.78	1887.20
Total Current assets		25646.80	28251.38
TOTAL ASSETS		42481.55	41046.78



BALANCE SHEET AS AT 31st MARCH 2024

(Rupees in Lakhs)

PARTICULARS	Note No.	As at 31 March 2024	As at 31 March 2023
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	1349.00	1349.00
(b) Other equity	16	25542.08	24644.28
Total Equity		26891.08	25993.28
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	17		
- Lease Liabilities	37	431.39	554.37
(b) Provisions	18	547.43	512.96
(c) Deferred tax liabilities (Net)	5	127.42	27.73
Total Non-current Liabilities		1106.24	1095.06
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	-	75.68
- Trade payables	20		
(i) Dues to Micro and small Enterprises		676.70	2420.65
(ii) Dues to Others		6183.59	7144.67
- Lease Liabilities	37	122.98	68.25
- Other Financial Liabilities	21	3979.10	794.42
(b) Other current Liabilities	22	3049.05	3069.12
(c) Provisions	23	472.81	385.65
Total Current liabilities		14484.23	13958.44
TOTAL EQUITY AND LIABILITIES		42481.55	41046.78

Significant Accounting Policies and accompanying Notes No.1 to 49 form an integral part of the Financial Statements

This is the Balance Sheet referred to in
Audit Report of even date
Laxminiwas and Co
Chartered Accountants
FRN: 011168S

Gaurav Jashwant Shah
Partner
Membership No. 229420

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

Ms. Nirja Saraf
Managing Director
DIN: 06901973

DR. MADHUCHANDA KAR
Director
DIN: 09519016

Date: 03rd December 2024
Place: Bengaluru

RAMESHA B
CFO

Date : December 18, 2024
Place : Bengaluru

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2024



(Rupees in Lakhs)

PARTICULARS	Note No.	For the Year ended 31 March 2024	For the Year ended 31 March 2023
REVENUE:			
I. Revenue from operations	24	46237.04	52889.66
II. Other Income	25	751.14	749.68
III. Total Income (I+II)		46988.18	53639.34
IV. EXPENSES:			
Cost of materials consumed	26	16075.16	22973.60
Purchases of Stock-in-Trade		7880.73	6326.02
Changes in inventories of finished goods, work in progress and stock-in-trade	27	506.03	(377.13)
Employee benefits expense	28	8540.35	8049.24
Finance Costs	29	96.13	587.88
Depreciation and amortisation expense	30	831.07	757.19
Other expenses	31	11298.30	11897.14
Total Expenses (IV)		45227.77	50213.94
V. Profit before exceptional items and tax (III-IV)		1760.41	3425.40
VI. Exceptional Item		-	-
VII. Profit before tax (V-VI)		1760.41	3425.40
VIII. Tax expense			
a) Current tax		512.39	876.47
b) Deferred Tax		99.66	117.49
c) Tax adjustment for earlier years		16.38	(57.35)
Total Tax expense		628.43	936.61
IX. Profit for the year (VII-VIII)		1131.98	2488.79



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2024

(Rupees in Lakhs)

PARTICULARS	Note No.	For the Year ended 31 March 2024	For the Year ended 31 March 2023
X. Other comprehensive income	32		
A (i) Items that will not be reclassified to profit or loss		31.83	0.68
(ii) Income tax relating to items that will not be reclassified to profit or loss		(8.01)	(0.17)
		23.82	0.51
XI. Total comprehensive income for the year (IX+X)		1155.80	2489.30
XII. Earnings per equity share of Rs. 100/- each			
Basic and Diluted	36	83.91	184.49

Significant Accounting Policies and accompanying Notes No.1 to 49 form an integral part of the Financial Statements

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

Laxminiwas and Co

Chartered Accountants
FRN: 011168S

Gaurav Jashwant Shah
Partner

Membership No. 229420

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

Ms. Nirja Saraf
Managing Director
DIN: 06901973

Date: 03rd December 2024
Place: Bengaluru

DR. MADHUCHANDA KAR
Director
DIN: 09519016

RAMESHA B
CFO

Date : December 18, 2024
Place : Bengaluru

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024

(Rupees in Lakhs)

PARTICULARS	For the Year ended 31 March 2024	For the Year ended 31 March 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1760.42	3425.40
Adjustments for non cash & Non operating items:		
Depreciation and amortization	831.08	757.19
Lease remeasurement Charges	0.00	37.29
Interest on Lease	19.67	20.88
Interest received from Banks	(321.16)	(212.41)
Interest expenses seperately considered	1.43	25.14
Interest Provision on Ankur Case	50.47	509.78
Excess provision reversed	(17.37)	(38.14)
Provision for Contingencies	(5.00)	0.00
Provision for Doubtful Debts	90.95	143.33
Provision made/(withdrawn)for slow moving/ non moving inventory	157.88	29.92
Unrealised Foreign Exchange Loss (Gain)	(8.68)	(10.25)
Loss (Gain) from sale of Fixed Assets	0.00	(4.95)
Sundry Credit balances written back	(275.21)	(340.70)
Operating profit before working capital changes:	2284.48	4342.48
<i>Changes in working capital</i>		
Decrease / (Increase) in Inventories	480.33	947.74
Decrease / (Increase) in Trade and Other Receivables	1686.86	631.09
(Decrease) / Increase in Trade Payables and Other Liabilities	823.33	55.55
Cash generated from operations	5,275.00	5,976.86
Income taxes paid	(632.95)	(771.49)
Net cash generated by operating activities	4,642.05	5,205.37
B. Cash flow from investing activities		
Purchase of fixed assets, Capital WIP, Capital Advances	(6463.04)	(2464.18)
Proceeds from Sale of PPE	-	9.17
Interest received from Banks	321.16	212.41
Net cash from investing activities	(6141.88)	(2242.60)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024

(Rupees in Lakhs)

PARTICULARS	For the Year ended 31 March 2024	For the Year ended 31 March 2023
C. Cash flow from financing activities		
Interest paid	(1.43)	(25.14)
Repayment of Long Term Borrowings	0.00	(75.00)
Increase/(Decrease) in short term Borrowings	(75.68)	(225.00)
Registration Charges for Leased Land	0.00	(350.15)
Payment of Lease Liabilities	(88.06)	(52.23)
Interest on Lease	(19.67)	(54.38)
Dividend paid on equity shares	(202.35)	(404.70)
Net cash from financing activities	(387.19)	(1186.60)
D. Net changes in cash and cash equivalents (A + B + C)	(1,887.02)	1,776.17
Cash and cash equivalents at the beginning of the year	6266.28	4490.11
Cash and cash equivalents at the end of the year	4379.26	6266.28
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and Cash equivalents as per Balance Sheet	2,360.17	1,478.26
Add: Bank Balances not considered as Cash and Cash Equivalents as defined in IND AS 7 Cash Flow Statement	2,019.09	4,788.02
Net Cash and Cash Equivalents	4,379.26	6,266.28
Cash and Cash equivalents at the end of the year Comprises (also refer note No 9 & 10)		
a) Cash on hand	0.43	0.34
b) In cash Credit	1,502.00	910.70
c) In fixed deposit account	2,384.67	4,987.47
d) In fixed deposit account-Margin Money	492.16	367.77

Significant Accounting Policies and accompanying Notes No.1 to 49 form an integral part of the Financial Statements

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

Laxminiwas and Co
Chartered Accountants
FRN: 011168S

Gaurav Jashwant Shah
Partner
Membership No. 229420

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

Ms. Nirja Saraf
Managing Director
DIN: 06901973

DR. MADHUCHANDA KAR
Director
DIN: 09519016

Date: 03rd December 2024
Place: Bengaluru

RAMESHA B
CFO

Date : December 18, 2024
Place : Bengaluru

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2024



A. EQUITY SHARE CAPITAL

(Rupees in Lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	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	1,349.00	1349000	1,349.00
Changes in Equity Share Capital during the year	-	-	-	-
Balance at the end of the period	1349000	1,349.00	1349000	1,349.00

B. OTHER EQUITY

For the year ended 31st March 2024	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 2023	476.88	24176.51			(9.11)	24644.28
Profit for the year	1131.98					1131.98
Other Comprehensive Income for the year (Refer Note 32)					(31.83)	(31.84)
Total Comprehensive Income	1131.98				(31.83)	1100.15
Transfer to General Reserve	(800.00)	800.00				-
Final dividend	(202.35)					(202.35)
Balance as at 31st March 2024	606.51	24976.51			(40.94)	25542.08

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

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statement

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

Laxminivas and Co
Chartered Accountants
FRN: 011168S

Gaurav Jashwant Shah
Partner
Membership No. 229420

Date : December 18, 2024
Place : Bengaluru

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

Ms. Nirja Saraf
Managing Director
DIN: 06901973

Date: 03rd December 2024
Place: Bengaluru

DR. MADHUCHANDA KAR
Director
DIN: 09519016

RAMESHA B
CFO

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 03/12/2024.

Material 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 conform 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 2023	Additions during the year	Deletions/ Adjustments during the year	As at 31st March 2024	As at 1st April 2023	Depreciation charge for the year	Deletions during the year	As at 31st March 2024	As at 31st March 2024	As at 31st March 2023
Tangible assets, owned										
Freehold Land	493.48	0.00	0.00	493.48	0.00	0.00	-	0.00	493.48	493.48
Building	3890.72	218.34	0.00	4109.06	813.80	158.48	-	972.28	3136.78	3076.92
Plant and equipment	6619.81	583.43	0.00	7203.24	2874.16	498.91	-	3373.07	3830.17	3745.63
Furniture and fixtures	368.92	27.67	0.00	396.59	157.72	37.09	-	194.81	201.78	211.20
Office Equipment	67.48	7.58	0.00	75.06	38.25	11.19	-	49.44	25.62	29.23
Computers	176.25	33.92	0.00	210.17	109.10	29.64	-	138.74	71.43	67.15
Canteen Equipments	33.53	1.91	0.00	35.44	9.37	6.42	-	15.79	19.65	24.16
Motor Vehicles	45.47	8.16	0.00	53.63	5.00	6.46	-	11.46	42.17	40.47
Sub-Total	11695.66	881.01	0.00	12576.67	4007.40	748.19	0.00	4755.59	7821.08	7688.24
Intangible Assets	3.31	65.00	0.00	68.31	0.16	2.34	-	2.50	65.81	3.15
Sub-Total	3.31	65.00	0.00	68.31	0.16	2.34	0.00	2.50	65.81	3.15
Capital Work in Progress	923.94	6527.95	235.97	7215.92	0.00	0.00	-	0.00	7215.92	923.94
Sub-Total	923.94	6527.95	235.97	7215.92	0.00	0.00	-	0.00	7215.92	923.94
Total	12622.91	7473.96	235.97	19860.91	4007.58	750.53	0.00	4758.11	15102.80	8615.33
Previous Year	11083.97	1557.34	18.40	12622.91	3290.62	731.14	14.18	4007.58	8615.33	

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

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, 2024	Amount in CWIP for period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Project in progress	6527.94	687.97	-	-	7215.91
Project temporarily suspended	-	-	-	-	-
Total	6527.94	687.97	0.00	0.00	7215.91

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

Note: Note on 7-ACA Project

- The above project in progress amount as on March 31, 2024 includes an amount of Rs.7135.07 Lacs (Previous year 684 Lacs) towards 7-Aminocephaloosporanic Acid (7-ACA) project which commenced during the previous financial year 2022-23, which was approved by the Board of Directors in the 175th Board Meeting dated 31.03.2021. Please refer to detailed note on 7ACA project provided in Note No.46C and Note 33B.

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

Particulars	As at 31st March 2024	As at 31st March 2023
3. Non Current Financial Assets-Loans (At amortised Cost)		
Advances to Employees	0.00	0.02
	0.00	0.02
4. Non Current Financial Assets-Other (At amortised Cost)		
Deposits with Govt Depts (Refer Note below)	174.79	150.71
Rent Deposits	65.79	61.28
Security Deposits-Bulk Drug (At amortised Cost)	5.29	5.29
Investments at fair value through profit or loss Group Leave Encashment Scheme Insurance Policy- (Net of Provision)	352.80	202.07
	598.67	419.35
Note: Deposits with Govt. Departments includes amounts paid as security deposits/Earnest Money Deposits, Electricity Board Deposit and Water Department Deposits which are not re-stated at present value and confirmation of balance is awaited. 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.		
5. Deferred tax assets/(liabilities) (net)		
Deferred tax assets		
a) Provisions for doubtful debts, claims etc.	22.89	36.07
b) Leave Salary	88.79	175.34
c) Gratuity	75.19	80.30
d) Others	178.90	161.98
	365.77	453.69
Deferred tax Liabilities		
a) Fixed Assets -Written Down Value Difference	493.19	481.42
b) Leave Salary	0.00	0.00
	493.19	481.42
	(127.42)	(27.73)
6. Other Non Current Assets (Unsecured considered good)		
Capital Advances	164.57	939.52
Prepaid expenses	61.33	66.04
In fixed deposit account with maturity more than 12 months	0.00	1760.00
	225.70	2765.56

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

Particulars	As at 31st March 2024	As at 31st March 2023
7. Inventories (At lower of cost and net realisable value)		
Raw materials at KAPL	2739.41	2684.11
Raw materials at loan license parties	0.00	29.33
Less: Provision for Obsolescence	(285.73)	(127.85)
	2453.68	2585.59
Stores & Spares	97.39	74.56
Work-in-Progress	1079.21	1177.84
Finished Goods	2085.31	2107.01
Stock-in-trade	574.34	730.84
Goods-in-Transit		
Raw Material	51.16	74.25
Finished Goods	217.18	372.50
Stock-in-trade	65.53	139.42
	6623.80	7262.01
8 Trade receivables (At amortised Cost)		
a) Trade Recivable Considered Good-Secured	479.10	481.16
b) Trade Recivable Considered Good-Unsecured	11545.90	11830.91
c) Trade Receivable which have Significant increase in credit Risk	760.83	669.89
Less: Provision for Trade Receivable which have Significant increase in credit Risk	(760.83)	(669.89)
	12025.00	12312.07
8.1 'Sundry Debtors' includes Rs.7061.42 Lakhs (Previous year Rs. 8448.76 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.3761.92 lakhs (previous year Rs.4250.94 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, 2024	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	8333.93	1282.00	1625.54	783.53	0.00	12025.00
(ii) Undisputed Trade Receivable - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	760.83	760.83
Less: Provision for Trade Receivable which have Significant increase in credit Risk	0.00	0.00	0.00	0.00	(760.83)	(760.83)
Total	8333.93	1282.00	1625.54	783.53	0.00	12025.00

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

Particulars	As at 31st March 2024	As at 31st March 2023
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9 Cash and Cash Equivalents (At amortised Cost)

Cash on hand	0.43	0.34
Balances with banks		
In current accounts	1502.00	910.70
In fixed deposit account		
With maturity less than 3 months	857.74	567.22
(An amount of Rs. 7.70 lakhs (previous year Rs. 7.22 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)		
	2360.17	1478.26

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

Particulars	As at 31st March 2024	As at 31st March 2023
10 Other bank balances (At amortised Cost)		
Fixed deposits - With maturity more than 3 months but less than 12 months	1526.93	4420.25
Fixed Deposits (Margin Money) - With maturity less than 12 months (Fixed Deposit amount of Rs 492.16 Lakhs (Previous year Rs. 367.77 lakhs) marked as Lien in Bank of Baroda)	492.16	367.77
	2019.09	4788.02
11 Current Loans and Advances (At amortised Cost)		
Unsecured Considered Good		
Advance to employees including imprest to field employees	61.38	61.35
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 (KSFC), as per C & AG Audit Observation. However KSFC has not acknowledged the claim of the company. No provision for the same is made.)	34.94	36.98
	96.32	98.33
12 Current - other Financial Assets		
Deposits with Government Departments (Refer 12.1)		
Considered good	83.92	99.60
Considered doubtful	-	7.12
	83.92	106.73
Less: Provision for Doubtful deposits	-	(7.12)
	83.92	99.60
Interest Accrued on Fixed Deposit	80.07	90.09
Other Receivables	23.06	18.39
Less : Provision-Other Receivables	-	-
	23.06	18.39
	187.05	208.08

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

Particulars	As at 31st March 2024	As at 31st March 2023
12.1 Confirmation of balances in respect of Deposit with Government departments (Current and Non Current) amounting to Rs.83.92 lakhs is awaited (Previous Year Rs. 99.60 lakhs). In the cases where differences are noticed in the confirmations received, the Company has adopted the balance as per Books of Accounts for preparation of Financial statements, after carrying out necessary reconciliations. However, in the opinion of the Company, non-receipt of confirmation of balances will not have any material effect on the financial position of the Company.		
13 Current Tax Assets (Net)		
Advance Income tax, TDS (Current Year)	607.97	871.18
Less: Provision for Income Tax (Current Year)	(512.39)	(876.47)
Refund Receivable Current Year	95.58	(5.29)
Income Tax refund receivable (Past years) (Refer Note below)	226.01	222.70
	321.59	217.41
Note 13.1 : The amount of Rs.226.01 Lacs (Previous years 222.70 Lacs) represents income tax refund receivable for past years - FY 2008-09- Rs.21.62 Lacs, 2009-10 Rs.13.93 Lacs, 2017-18 Rs.36.86 Lacs, 2018-19 Rs. 31.10 Lacs, FY 2020-21- Rs.119.25 Lacs, FY 2021-22 Rs.1.02 lacs and FY 2022-23 Rs.2.23 lacs. The Income tax department has adjusted these refunds with tax demands of other years against which the Company has filed rectification application is awaiting response from the department. In the opinion of the Company there will not be any material and adverse impact on the company.		
14 Other Current Assets		
Balances with Government Authorities (GST/Excise/Vat)	1871.03	1776.07
Advances for Supplies & others	70.67	15.34
Prepaid expenses	72.08	95.79
	2013.78	1887.20
14.1 Till the period 31.03.2023, the company has availed Input Tax Credit of GST paid on inputs/input services/capital goods based on the accounting of the invoice from supplier in the books of accounts. However, with effect from 01.04.2023, the company has changed its methodology to avail Input Tax Credit of GST paid on inputs/input services/capital goods based on the line items appearing in GSTR 2A/2B without undertaking any reconciliation. This has resulted in a difference in the closing balances of eligible Input Tax Credit as per GSTIN's Electronic Credit Ledger vis-a-vis the books of accounts and the same is subject to reconciliation.		

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

Particulars	As at 31st March 2024	As at 31st March 2023
<p>14.2 The Company has GST registrations in 19 states (including HO in Karnataka) and separate returns are filed for each registration. However, in the books of accounts the company has maintained consolidated ledgers for all branches (except HO) for Input Tax Credit availed ledgers and Output tax liability Payable ledgers. Due to this, reconciliation of balances in each state has not been undertaken.</p> <p>Balances with Government Authorities include an amount of Rs.1422.48 Lacs Carried forward in the books of accounts as Input Tax Credit. In view of the above points in 14.1 and 14.2, the balances with Government Authorities reported as above are subject to reconciliation to be undertaken by the Company. In the opinion of the Company there will not be any material and adverse impact on the company.</p>		
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/- each	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 2024		As At 31st March 2023	
	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, 2024, Company has not proposed any dividend to the Equity Shareholders.

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

Particulars	As At 31st March 2024		As At 31st March 2023	
	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)

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

Name of Promoters	As At 31st March 2024		As At 31st March 2023		% 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

- (v)** 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 2024	As at 31st March 2023
16. Other Equity		
General Reserve		
Opening Balance	24176.51	22176.51
Add: Transfer from Surplus in Profit & Loss	800.00	2000.00
Add: Transfer from CSR fund Reserve	-	-
Add: Transfer from Sustainable Development fund Reserve	-	-
Closing Balance	24976.51	24176.51
Retained Earnings		
Opening balance	476.88	392.79
Add: Net profit/(loss) for the year	1131.98	2488.79
Amount available for appropriation	1608.86	2881.58
Appropriations:		
Transfer to General Reserve	800.00	2000.00
Final dividend	202.35	404.70
	1002.35	2404.70
Closing balance	606.51	476.88

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

Particulars	As at 31st March 2024	As at 31st March 2023
Other Comprehensive Income		
Remeasurement Gains/(losses) on defined benefit plans		
Opening Balance	(9.11)	(9.62)
Add or (Less) : Items that will not be reclassified to profit or loss	(23.82)	0.68
Add or (Less) : Income tax relating to Items that will not be reclassified to profit or loss	(8.01)	(0.17)
Closing Balance	(40.94)	(9.11)
Total Other Equity	25542.08	24644.28
17 Non Current borrowings		
From Bank of Baroda : Secured (Refer Note No. 19)		
Term Loan	0.00	0.00
	0.00	0.00
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.0.00 lakhs (Refer Note. No. 19) (Previous year Rs. 75.68 lakhs)		
There is no default in repayment of the above Term Loan		
18 Non Current Provisions		
Provision for employee benefits (Also Refer Note 23):		
Gratuity	169.80	140.04
Sick Leave	377.63	372.92
	547.43	512.96
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)	0.00	75.68
	0.00	75.68

The Company has availed (renewed during the year) a cash credit facility from Bank of Baroda and State Bank of India of a cumulative value of ₹ 550.00 Lacs [March 31, 2023: ₹ 550.00 Lacs] of which the Company has utilised credit facility of ₹ NIL [March 31, 2023: ₹ 75.68 Lacs] which are secured against hypothecation of stock-in-trade and book debts on pari passu basis, Fixed Assets such as Machinery, Furniture and Fittings, Electrical Fittings, Office Equipments, Plant and Machinery, Computers etc. and collateral security of Land situated at Plot No.14, Sy. No. 37, 38, 39 at Peenya II Phase Industrial Area, Bangalore. Debit balances under Cash credit Hypothecation account are disclosed under Cash and Bank balances. Cash credit facility carries interest rate at payable at monthly interval linked to Marginal Cost of Funds-based Lending Rate (MCLR) + 1%.

(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-23	Bank of Baroda & SBI	Inventory & Book Debts on Paripassu Basis	22928	19621	3307	Estimated amount given to Bank / Debtors beyond cover period
Sep-23	Bank of Baroda & SBI	Inventory & Book Debts on Paripassu Basis	21623	16564	5059	
Dec-23	Bank of Baroda & SBI	Inventory & Book Debts on Paripassu Basis	23616	20678	2938	
Mar-24	Bank of Baroda & SBI	Inventory & Book Debts on Paripassu Basis	19027	18147	880	

Particulars	As at 31st March 2024	As at 31st March 2023
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20. Trade payables

Due to micro and small enterprises*	676.70	2420.65
Other creditors	6183.59	7144.67
	6860.29	9565.32

*Identification of vendors under micro, small and medium enterprises has been undertaken by the Company and relied upon by the Auditors.

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.5750.74 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 31.03.2024	As on 31.03.2023
The principal amount remaining unpaid as at the end of the year	676.70	2,420.65
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 2024	As at 31st March 2023
Amount of interest due and payable for the period of delay in making payment without the interest specified under the Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Trade Payable Ageing Schedule

As on March 31, 2024	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	676.70	0.00	0.00	0.00	676.70
(ii) Others	5,761.50	4.07	-0.43	-1.68	5,763.46
(iii) Disputed Dues-Others	0.00	0.00	0.00	420.13	420.13
Total	6438.20	4.07	-0.43	418.45	6860.29

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

21 Other current financial liabilities

(at amortised Cost)

EMD and security deposits received (including interest thereon)	489.78	426.33
Creditors for Capital Expenditure*	3489.32	368.09
	3979.10	794.42

*Includes creditors on account of 7ACA project and are subject to confirmation.

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

Particulars	As at 31st March 2024	As at 31st March 2023
22 Other current liabilities		
Statutory dues payable	276.44	364.47
Advance from customers	833.04	636.24
Outstanding expenses	1917.03	2044.87
Other payables	22.54	23.54
	3049.05	3069.12
22.1 Other Payables include Rs.12.91 Lakhs (Previous year Rs. 13.91 laks) being the amount payable towards Executive Welfare Fund Rs 5.22 lakhs (previous year Rs. 5.23 lakhs) and Non-executive welfare fund Rs. 7.69 Lakhs (Previous year Rs. 8.69 lakhs) which are administered by the committee consisting of the members from Management and the employees. Out of Rs. 7.69 lakhs (Previous year 8.69 lakhs) non-executive welfare fund, a sum of Rs.7.70 Lakhs (previous year 7.22 lakhs) is held in the form of Term Deposit with Bank of Baroda, Bengaluru.		
22.2 Advances from customers represents amount received from persons, mostly on account of sales. In view of the fact that details of customer who has made the payment which is under reconciliation, the same has been accounted as advance from customer.		
22.3 Outstanding Expenses include an amount of 1874.94 Lacs which consist of various liabilities accounted on account of C & F Commission, Sales Incentives, SA Commission and other such liabilities. Out of a total amount of Rs.1874.94 Lacs, an amount of Rs.791.25 Lacs are older than 1 year which were provided for on adhoc basis. The liability has not been accounted in respective supplier ledgers but are carried as adhoc provisions.		
23 Current Provisions		
Provision for employee benefits (Also refer Note 18)		
Sick Leave	20.60	19.68
Gratuity	128.95	122.72
Provision for Post retirement Health Insurance	25.00	5.00
Provision Others		
Provision for CSR Expenditure	65.01	
Provision for contingencies	233.25	238.25
	472.81	385.65

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

PARTICULARS	For the year ended 31st March 2024	For the year ended 31st March 2023
24. Revenue from operations		
(A) Sale of Products		
Domestic	42639.30	48516.77
Export	3494.01	4240.57
	46133.31	52757.34
(B) Other Operating Revenues		
Loan Licence - Labour	71.70	99.58
Scrap sales	32.03	32.74
	103.73	132.32
	46237.04	52889.66
Disclosure pertaining to IND AS 115		
Contracted price	46867.47	53279.92
Adjustments		
- Discounts	24.95	26.01
- Sales return	489.44	294.67
- Liquidated Damages	219.77	201.90
	46133.31	52757.34
25. Other income		
Interest from banks	321.16	212.41
Interest from others	6.80	9.24
Export Incentives	84.39	50.81
Foreign exchange fluctuation gain (Net)	35.73	65.96
Freight charges recovered	0.00	3.06
Discounts received from parties	0.85	9.48
Sundry credit balances written back	275.21	340.70
Excess Provision Reversed	17.37	38.14
Profit on Sale of Assets	0.00	4.95
Scrap - other than Manufacturing	3.68	3.07
Other Non Operating Income	5.95	11.86
	751.14	749.68
26 Cost of Material Consumed		
A. Raw Materials		
I. Indigenous	12562.87	18286.18
II. Imported	0.00	0.00
	12562.87	18286.18

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

PARTICULARS	For the year ended 31st March 2024	For the year ended 31st March 2023
26 B. Packing Materials		
I. Indigenous	3339.46	4687.42
	3339.46	4687.42
(A + B)	15902.33	22973.60
Less : Cenvat Credit	0.00	0.00
Less : Vat Credit	0.00	0.00
Add : Gst Credit Ineligible	172.83	0.00
Net Consumption	16075.16	22973.60
<p>Note: During March 2019, the company availed extra amount of GST Input Tax Credit of Rs.258.05 Lacs by crediting cost of material consumed ledger. Out of this, partial amount of Rs.85.22 Lacs was reversed in the year 2019-20 and the balance amount of Rs.172.83 Lacs has been reversed during the current financial year and the same is debited to Cost of Material Consumed.</p>		
27 Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening 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
Less: Closing Stock of:		
Work-in-Progress	1079.21	1177.84
Finished Goods	2302.50	2479.51
Stock-in-Trade	639.86	870.25
	4021.57	4527.60
Finished Goods supplied under CSR Expenditure	0.00	8.55
	506.03	(377.13)
28 Employee benefits expense		
Salaries, wages, bonus and allowances	6683.19	6308.74
Contribution to provident fund and other funds	860.18	798.20
Workmen and staff welfare expenses	996.98	942.30
	8540.35	8049.24

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

PARTICULARS	For the year ended 31st March 2024	For the year ended 31st March 2023
29 Finance Costs		
Interest on Bank Borrowings	1.43	25.14
Interest Others	94.70	562.74
	96.13	587.88
30 Depreciation and Amortisation Expenses		
Depreciation of Property, plant and equipment	750.53	731.13
Amortisation on Lease Assets	80.54	26.06
	831.07	757.19
31 Other expenses		
- Manufacturing Expenses		
Consumable Stores and Spares	189.76	143.34
Laboratory expenses	104.01	203.10
Power and Fuel	1134.47	1097.55
Repairs to Building	254.12	160.42
Repairs to Machinery	305.46	246.89
Contract Labour Charges	2008.16	1817.57
Other manufacturing expenses	556.28	1093.27
	4552.26	4762.14
- Selling and Distribution Expenses		
Carriage outwards	663.83	752.48
Commission and Discounts	3647.24	4297.60
Advertisement, Selling and distribution expenses	435.67	304.02
	4746.74	5354.10
- Establishment Expenses		
Rent	19.35	15.20
Rates & Taxes	211.41	179.50
Travelling and conveyance	653.00	634.14
Legal and professional fees	99.82	130.31
General maintenance expenses	241.44	248.87
Bank Commission & Charges	34.03	45.93
Insurance charges	34.70	31.86
Payment to Auditors		
As Auditor	5.55	5.55
Communication expenses	17.27	15.66
Printing & Stationery	38.94	43.34
Sundry receivables written off	86.57	9.99
Recruitment and training expenses	10.07	4.66

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

PARTICULARS	For the year ended 31st March 2024	For the year ended 31st March 2023
Miscellaneous expenses	183.12	142.17
CSR Expenditure	65.01	63.18
Lease Remeasurement Loss	0.00	37.29
Other provisions	299.02	173.25
	1999.30	1780.90
	11298.30	11897.14
(Rates & Taxes includes Rs.132.75 Lakhs (Previous Year Rs. 116.44 Lakhs) GST paid on Sample Medicines sold on which GST Credit not eligible).		
32. Components of Other Comprehensive Income under Retained earnings		
A (i) Items that will not be reclassified to profit or loss		
Remeasurement Gains/(losses) on defined benefit plans	31.83	0.68
Sub-total	31.83	0.68
A (ii) Income Tax on A(i)		
Sub-total	(8.01)	(0.17)
	23.82	0.51

(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 31.03.2024	As on 31.03.2023
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	83.00	72.00

B. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 19401.91 Lakhs (previous year ₹ 10782.25 Lakhs).

Government of India approved vide letter No. 3-35011/1/2023-PSU dated 13.03.2024 for incurring capital expenditure for manufacturing 7-ACA (Aminocephalosporanic acid) under production linked incentive scheme (PLI) at a cost of Rs.28875 Lakhs.

C. Bank Guarantee issued outstanding as on 31.03.2024 is ₹ 596.49 Lakhs (previous year ₹ 788.77 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 31.03.2024	As at 31.03.2023
Current service cost	203.59	189.58
Interest cost	262.82	259.53
Expected return of plan assets	(250.96)	(240.18)
Expenses recognized in the Statement of Profit and Loss	215.45	208.93

Reconciliation of present value of the obligation and the fair value of the plan asset	As at 31.03.2024	As at 31.03.2023
Fair value of plan assets at the end of the year	3436.99	3431.40
Present value of obligation at the end of the year	(3735.74)	(3694.15)
Assets/(Liability) recognized in the Balance Sheet	(298.75)	(262.75)

Change in present value of obligation	Gratuity	
	As at 31.03.2024	As at 31.03.2023
Opening defined obligation	3694.15	3644.77
Interest Cost	262.82	259.53
Current Service Cost	203.59	189.58
Benefits Paid	(425.99)	(359.44)
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	71.42	44.92
Actuarial (Gain)/loss due to Experience changes	(70.27)	(85.21)
Closing defined benefit obligation	3735.74	3694.15

Change in fair value of plan assets	As at 31.03.2024	As at 31.03.2023
Plan assets at the beginning of the year, at fair value	3431.39	3182.57
Expected return on plan assets (estimated)	250.96	240.18
Contributions	211.29	407.70
Benefits settled	(425.99)	(359.44)
Actuarial gain/(loss) on plan assets	(30.68)	(39.61)
Plan assets at the end of the year, at fair value	3436.99	3431.40

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

Movement in liability recognized in Balance Sheet	As at 31.03.2024	As at 31.03.2023
Opening Liability	262.75	462.20
Expenses recognized in P&L	215.46	208.93
Remeasurement effect recognized in OCI	31.83	(0.68)
Contribution paid	(211.29)	(407.70)
Closing liability	298.75	262.75

Other Comprehensive Income	As at 31.03.2024	As at 31.03.2023
Actuarial loss/(gain):		
- due to change in demographic assumptions	0.00	0.00
- due to change in financial assumptions	71.42	44.92
- due to Experience changes	(70.27)	(85.21)
Return on Plan Assets (Greater)/Less than Discount rate	30.68	39.61
Total remeasurement effect recognized in OCI	31.83	(0.68)

Assumptions at the valuation date	As at 31.03.2024	As at 31.03.2023
Discount factor	7.25%	7.55%
Salary escalation rate	9.00%	9.00%
Rate of return (expected) on plan assets	7.55%	7.49%
Attrition Rate	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	

Sensitivity Analysis	As at 31.03.2024	As at 31.03.2023
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	(211.51)	(200.09)
Discount rate - 100 basis points	238.13	224.67
Salary growth + 100 basis points	104.60	101.66
Salary growth - 100 basis points	(114.70)	(113.10)
Attrition rate + 100 basis points	(12.20)	(8.93)
Attrition rate - 100 basis points	13.75	10.24
Mortality rate 10% up	(0.29)	(0.20)

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

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation at 31st March, 2024 and 31st March, 2023, by asset category, was as follows:

Particulars	As at 31.03.2024	As at 31.03.2023
Funds managed by insurers	100%	100%
Others	-	-

The expected future cash flows in respect of gratuity as at 31st March, 2024 were as follows:

Sensitivity Analysis	As at 31.03.2024	As at 31.03.2023
Expected Contribution		
During the year ended	128.94	122.72
Expected future benefit payments		
31st March 2024	-	524.81
31st March 2025	492.98	486.36
31st March 2026	511.47	487.33
31st March 2027	442.80	419.70
31st March 2028	395.83	375.98
31st March 2029	357.46	-
Next 5 year payouts (year ended 31st March 2029-2033)	1307.12	1316.41
Payout above Ten Years	2952.18	2801.86
Vested benefit Obligation as on	3640.21	3638.42

- (b) Provident Fund benefits:** The Company contributed ₹ 643.35 lakhs and ₹ 587.71 lakhs to the Provident Fund plan during the year ended **31st March, 2024** and year ended 31st March, 2023, respectively.
- (c) Compensated absences:** The total liability recorded by the Company towards earned leave obligation was ₹ 2110.95 lakhs and ₹ 1989.58 lakhs as at **31st March, 2024** and 31st March, 2023 respectively. The total liability recorded by the Company towards sick leave obligation was ₹ 398.23 lakhs and ₹ 392.61 lakhs as at **31st March, 2024** and 31st March, 2023 respectively.
- (d) Voluntary Retirement scheme (VRS):** The Company has not approved VRS for employees during FY 2023-24 and FY 2022-23.
- (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 2023-24 ₹ 25.00 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	2023-24	2022-23
India	42639.30	48516.77
Outside India	3494.00	4240.57
Total	46133.30	52757.34

Carrying amount of segment assets:

Geographical segment	2023-24	2022-23
India	42010.04	40546.03
Outside India	471.50	500.75
Total	42481.54	41046.78

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 2023-24	Outside India 2023-24	India 2022-23	Outside India 2022-23
Tangible assets	7473.96	-	1557.34	-
Intangible assets	-	-	-	-

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

Particulars	2023-24	2022-23
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	₹ 1,131.99	₹ 2,488.79
4. Basic and Diluted EPS (in ₹)	₹ 83.91	₹ 184.49

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-Building

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

Particulars	March 31, 2024	March 31, 2023
Opening Balance - Gross Block	995.14	362.63
Add: Additions	0.00	738.88
Less: Re-Measurement	0.00	19.16
Less: Accumulated Depreciation	87.57	87.21
Closing Balance	907.57	995.14

Movement in lease liabilities

Particulars	March 31, 2024	March 31, 2023
Opening Balance	622.62	308.76
Add: Additions	0.00	360.76
Add: Re-measurement	0.00	7.49
Less: Payment of lease liabilities	68.25	54.39
Closing Balance	554.37	622.62

Break-up of current and non-current Lease liabilities

Particulars	March 31, 2024	March 31, 2023
Non-current lease liabilities	431.39	554.37
Current lease liabilities	122.98	68.25
Total	554.37	622.62

Maturity Analysis of Lease Liabilities

Particulars	March 31, 2024	March 31, 2023
Less than one year	122.98	68.25
One to Five years	172.45	193.68
More than Five years	258.94	360.69
Total	554.37	622.62

38. Expenditure on Corporate Social Responsibility

- (a) Gross amount required to be spent - ₹ 65.01 Lacs (previous year - ₹ 63.18 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	Nil (PY 63.18)	65.01 (PY Nil)	65.01 (PY 63.18)

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Amount required to be spent by the company during the year	65.01	63.18
(ii) Amount of expenditure incurred	65.01	63.18
(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	PM National Relief Fund	Health & Education
(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, 2024

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	12025.00	0.00	0.00	12025.00	12025.00
- Cash and Cash equivalents	2360.17	0.00	0.00	2360.17	2360.17
- Other Bank Balances	2019.09	0.00	0.00	2019.09	2019.09
- Loans	61.38	0.00	0.00	61.38	61.38
- Others financial assets	785.72	0.00	0.00	785.72	785.72
Total	17251.36	0.00	0.00	17251.36	17251.36
Financial Liabilities					
- Borrowings	0.00	0.00	0.00	0.00	0.00
- Trade payables					
▪ Dues to Micro and small Enterprises	676.70	0.00	0.00	676.70	676.70
▪ Dues to Others	6183.59	0.00	0.00	6183.59	6183.59
Lease Liabilities	554.37	0.00	0.00	554.37	554.37
- Other financial liabilities	3979.10	0.00	0.00	3979.10	3979.10
Total	11393.76	0.00	0.00	11393.76	11393.76

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

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	11058.03	0.00	0.00	11058.03	11058.03

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, 2024.

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	2023-24	2022-23
< 6 months	8333.93	9858.95
>6 months to 1 year	1282.00	933.70
>1 year to < 2 years	1625.54	1190.48
>2 years and above	783.53	328.94
Total	12025.00	12312.07

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, 2024 and 31st March, 2023 are as follows:

Particulars	31-Mar-24	31-Mar-23
Balance as on 1st April	669.89	526.55
Additions made during the year	760.83	251.41
Reversal made during the year	(669.89)	(108.07)
Balance as on 31st March	760.83	669.89

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, 2024 and 31st March, 2023.

(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, 2024 and 31st March 2023 are as follows:

Particulars	2023-24	2022-23
Balance as on 1st April	54.34	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	54.34	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 2024	31st March 2023
Current Assets (A)	25646.80	28251.38
Current Liabilities (B)	14484.23	13958.44
Working Capital (C)= (A-B)	11162.57	14292.94

(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, 2024

Particulars	2025	2026	2027	2028	Thereafter	Total
Non-current borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Trade payables	6860.29	0.00	0.00	0.00	0.00	6860.29
Current borrowings	0.00	0.00	0.00	0.00	0.00	0.00
Other Financial Liabilities	3979.10	0.00	0.00	0.00	0.00	3979.10
Lease Liabilities	68.23	78.85	90.62	24.19	360.70	622.59
Total	10907.62	78.85	90.62	24.19	360.70	11461.98

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	360.70	622.61
Total	10503.67	78.85	90.62	24.19	360.70	11058.03

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 2024

(\$ In Lakhs)

Particulars	US\$	Others	Total
Assets			
Trade receivables	5.96	-	5.96
Total	5.96		5.96
Liabilities			
Trade payables	-	-	-
Total	-	-	-

The following table analyses foreign currency risk 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:

Particulars	Impact on profit	
	31st March 2024	31st March 2023
USD sensitivity		
₹ / USD - Increase by 2%	9.93	9.85
₹ / USD - Decrease by 2%	(9.93)	(9.85)

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 31.03.2024	As on 31.03.2023
Fixed rate instruments		
Financial assets		
Financial liabilities	0.00	75.68
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 2024, 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 2024	31st March 2023
Borrowings	0.00	75.68
Less: Cash and cash equivalents	2360.17	1478.26
Net debt (A)	-	-
Equity share capital	1349.00	1349.00
Other equity	25542.07	24644.28
Total Equity (B)	26891.07	25993.28
Equity and net debt (C)=(A+B)	26891.07	25993.28
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) 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 31.03.2024 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: (DOD-25.3.2024).

Particulars	31st March 2024	31st March 2023
a) Salary and allowances	41.42	41.63
b) Contribution to PF	3.74	3.49
c) Others	3.98	3.71
Total	49.14	48.83

Final settlement payable ₹ 48.48 Lakh

(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-24	31-Mar-23	31-Mar-24	31-Mar-23
a) Salary and allowances	22.17	20.43	20.90	19.25
b) Contribution to PF	1.87	1.70	1.87	1.70
c) Others	1.76	1.53	0.21	2.71
Total	25.80	23.66	22.98	23.66

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

SI No	Name of Director	31-Mar-24	31-Mar-23
1.	Shri T K Anil Kumar	0.04	0.03
2.	Shri Krishna Pilli	0.00	0.01
3.	Shri B T Khanapure	0.08	0.05
4.	Smt Madhuchand Kar	1.00	0.90
5.	Dr M R Ravi	0.01	0.01
6.	Shri Sumit Garg	0.00	0.01

43. Reconciliation of Effective tax rate

Particulars	31.03.2024	31.03.2023
Profit before income taxes	1760.43	3425.40
Enacted tax rate in India	25.17%	25.17%
Computed tax expense	512.39	876.47
Tax on expenses (deductible)/non-deductible for tax purpose	99.66	117.49
Tax adjustment for earlier years	16.38	(57.35)
Income tax expense	628.44	936.61
Effective Tax Rate	35.70%	27.34%

44. Events after the reporting period

The Board of Directors has not proposed any dividend for the financial year 2023-24(Previous Year ₹ 15/-). 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	238.25 (341.25)	0.00 (37.00)	5.00 (140.00)	233.25 (238.25)
TOTAL	238.25 (341.25)	0.00 (37.00)	5.00 (140.00)	233.25 (238.25)

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 10 acres in Survey No.22(New No. 196). 56 Back ward class people (related to Manchanable Yojana project of Karnataka) had occupied in the said land Survey No.22 (New No. 196). These Bagarakum cultivator occupying in our 10 acre had not agreed to leave land. Finally M/s. KAPL agreed to settle the case with mutual agreement with Bagarakum cultivator and they allowed M/s. KAPL to use the rest of land. Therefore out of 10 acres , M/s. KAPL has 4 acres and 20 guntas in Survey No. 22 (New No.196) at Kadabagere Village, Dasanpura Hobli, Bangalore North Taluk, Bangalore, Revenue department issued a government order No.RD:193:LGB:2000 Bangalore, dated 31.12.01 to this effect. The RTC in respect of Survey No.80 (New No.197) has been received. However at present RTC in respect of Survey No.22, showing 10 acres and , as against 4.20 acres and the company is following up the matter. W.r.t reduced land 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 2023-24, which confirms ownership rights of KAPL (on 4 acres 20 guntas). Efforts are on to obtain Mutation certificate for 4 acres 20 guntas. We again wrote to them on 25.03.2024 and it has been acknowledged by the authorities with necessary direction to Tahasildar, Bengaluru, North Taluk). 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 numbered 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.

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, 17.01.2020 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.). We have again approached the Additional Director of Land and Records and Tahasildar on 06.07.2023. The Principal Secretary, Revenue Department, Government of Karnataka has also been approached again on 25.03.2024. 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 7 guntas of Kharab-A Land) through e-auction of Karnataka State Financial Corporation (KSFC) and authorised Managing Director to decide the Bid amount. Accordingly, against an advertisement appeared in Vijayawani dated 24.10.2016 of Karnataka State Financial Corporation (KSFC), company participated in e-auction and had quoted price of Rs. 517.37 lakhs towards land and building and Rs. 93.64 lakhs towards plant and machinery. The bid of the company was accepted by KSFC as intimated vide letter dated 08.12.2016. After making the payment of the Bid amount, the possession of land, building, plant and machinery was taken on 12.12.2016 in as is where is basis. In pursuance of the Board approval, the activities of renovation were completed and started manufacture of Ayurvedic Products. The accounting of the value of Rs.517.37 lakhs towards land and building was allocated to Land and Building separately based on the Valuation done by Chartered Engineer who has valued the Land for 6 acres and 7 guntas excluding the 7 guntas of Kharab A land.

Company before making registration, requested vide letter dated 17.01.2017 to 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 Survey No. 429/2A at Kotur village, NH4, P.B. Road, Belur Industrial Area. As per the letter No. KSFC/BO/DWR/2605/2016-17 dated 04.02.2017 of M/s Karnataka State Financial Corporation (KSFC), the land shown was 6 acres and 14 guntas in total in both the survey Nos. that is under Survey No. 429/1 (5 acres and 18 guntas) and under Survey No. 429/2A (36 Guntas). Based on the request to Survey Department, the Survey of land was got done on 16.03.2017.

Based on the Survey Report, noticing that, there is a shortage of land to the extent of 26 Guntas, KAPL requested M/s Karnataka State Financial Corporation (KSFC) to Consider the revised land available for the purpose of the cost of the land and refund the differential amount and also register the property in our name.

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

In the meantime, M/s Elvina Pharmaceuticals Limited, Managing Director and Others filed a Writ Petition at Honourable High Court of Karnataka, Dharwad Bench vide Writ Petition No. 100258/2018 against M/s Karnataka State Financial Corporation (KSFC), represented by its Deputy General Manager, Rayapur Taluka, Dharwad Dist. First Party, The Deputy General Manager, M/s Karnataka State Financial Corporation (KSFC) Rayapur Taluka, Dharwad Dist. 2nd Party and M/s Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) Represented by its Managing Director, Bengaluru 3rd Party. The company has appointed an advocate to represent the case. The case is still pending and matter being followed up.

Registration of Dharwad Land has been completed on 07.04.2022 by paying all the statutory dues.

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

C. 7ACA BULK DRUG PROJECT REPORT 2023-24.

The Board of Directors in their 175th meeting held on 31.03.2021 approved the setting up of a facility for manufacturing Bulk Drug 7ACA and further authorized the Managing Director to carry out all enabling activities incidental to the project. The Approval was granted based on a Techno Economic Feasibility Project Report as per which the estimated cost of the project was Rs.275 Crores. Based on the above approval, the company has obtained a land on lease at Ujjain, Madhya Pradesh. The land was allotted to the company in July 2022. The company started pre-construction work on the land in August 2022. As at the end of the previous financial year ended March 31, 2023, an amount of Rs.6.84 Crores was reported as Capital work in Progress in relation to the Bulk Drug Project up to the end of the year. Committed Contracts worth Rs.107.82 Crores were entered into till the end of the previous year ended March 31, 2023.

The investment in the new facility was made considering the expected incentive under the Production Linked Incentive Scheme of the Central Government for which approval was granted to the Company. However, these incentives are subject to the Company committing to the time lines as per the scheme and other terms and conditions. As per the approval obtained, the company was required to start commercial production within Nov 2023. Further the Govt. of India, Ministry of Chemicals and Fertilizers, Department of Pharmaceuticals granted extension in Scheduled Commercial Operation Date (SCOD) as 31-December 2025 vide Letter dated 18.09.2024

The land on which the project is being set up is availed on a long term lease of 99 years at a concessional lease with a condition that the commercial operations shall begin within 3 years from the date of order dated 07.07.2022. Considering the present status of the project, matter was discussed with DMIC, Vikram Udyogpuri, Ujjain. It has been mentioned that, since the present time is up to 06.07.2025, extension of time from DMIC will be applied during May 2025, the same was noted during the Board meeting dated 05.10.2024.

During the year 2023-24, the Board has noted that the project was commenced with the approval of the Board which was not competent to approve and authorize the investment. The competent authority to approve the Capital expenditure was the Administrative Ministry of the Central Government. On 13.03.2024 vide letter No. 3-35011/1/2023-PSU dated 13.03.2024 from Ministry of Chemicals and Fertilizers, approval to incur capital expenditure of Rs. 288.75 Crores received. It has also been noted by the Ministry that the project cost is revised to an amount of Rs.436 Crores as against original estimated and approved cost of Rs.275 Crores by Dept. of Pharmaceuticals vide No. 31026/39/2020 Policy/Scheme (Pt.2) while giving approval for extension of SCOD. The purchase orders/work orders have been issued without intimation to and without approval of the Board or the Competent authorities. In this regard, the preliminary investigation report and Final Audit has been conducted. The Final Audit report has been submitted to the management and same was forwarded to CVO for his opinion and advise. The outcome of the report submitted to CVO is awaited as on the date of these financial statements.

The Company hosted the Tender for Term Loan facility for 7ACA Project, and India Exim Bank has offered lowest quote to provide Term Loan facility of Rs.360 Crores and same is under process to get Sanction letter.

In recent Board meeting approval was given to issue Work Order for Technology Transfer and Work order was issued on 04.10.2024.

In view of the fact that the company is in a process to complete the project and start commercial production within the committed date of 31.12.2025 as per letter from Ministry vide dated 18.09.2024.

The company has furnished a Bank Guarantee of Rs.4 Crores in favor of Government as approved in 175th Board meeting. In the event the company does not start its commercial production by 31.12.2025 as per the committed date or the extended date, the Bank guarantee furnished may be encashed resulting in a loss to the Company.

Pending the outcome of the Audit report and approvals from competent authorities and pending finalization of source of funds required for completion of the project, the company has recognized the project as 'In-progress' and the Company is of the opinion that the above shall not have any material or adverse effect on the financial position of the Company.

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

- (i) No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) The Company has borrowings from banks and financial institutions on the basis of security of current assets. The company is filing monthly returns as the requirement for quarterly returns has been waived off by the bank.
- (iii) The Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- (iv) The Company did not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (v) The Company does not have any charge or satisfaction which is yet to be registered with the Registrar of Companies ("ROC") beyond the statutory period.
- (vi) The Company has not traded or invested in crypto currency or virtual currency during the financial year or in the preceeding period.
- (vii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries



- (ix) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (x) The Company does not have any the immovable properties whose title deeds are not held in the name of the company or jointly held with others.
- (xi) The borrowings obtained by the Company from banks and financial institutions have been applied for the purposes for which such loans were was taken.
- (xii) The company has complied with the number of layers prescribed under section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (xiii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(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 2024	31 March 2023	% Change	Reasons
1	Current ratio	Current Assets	Current Liabilities	1.77	2.02	12.63%	
2	Debt- Equity Ratio	Total Debt (Borrowings)	Shareholder's Equity	0.00	0.00	0.00%	
Change is due to decrease in Borrowings							
3	Debt Service	Earnings zerest, tax, depreciation and exceptional items	+ Principal Repayments made during the year for long term loans	678.47	537.29	-26.28%	Due to decrease in turnover ratio is affected
4	Return on Equity ratio	Profit / (loss) for the period before exceptional items	Average Shareholder's Equity	4.28%	9.97%	57.08%	Due to decrease in turnover ratio is affected
5	Inventory Turnover ratio	Cost of goods sold = Cost of material consumed + Change in inventory	Average Inventory	3.52	3.73	5.58%	
6	Trade Receivable Turnover Ratio	Revenue from Operations	Average Trade Receivable	3.85	3.90	1.31%	
7	Trade Payable Turnover Ratio	Cost of material consumed + Change in inventory + Other expenses excluding impairment & loss on sale of asset	Average Trade Payable	2.54	2.99	15.22%	
8	Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets – Current liabilities	4.16	3.70	-12.29%	
9	Net Profit ratio	Profit / (loss) for the period before exceptional items	Revenue from operation	3.81%	6.48%	41.21%	Due to decrease in turnover ratio is affected
10	Return on Capital Employed	Earnings before interest, tax and exceptional items	Average Capital Employed = Total Equity + Total Debt	6.90%	15.39%	55.15%	Due to decrease in turnover ratio is affected
11	Return on Investment	Closing Total Equity- Opening total Equity- Cash paid to shareholders	Opening total Equity	2.68%	7.03%	61.92%	Due to decrease in turnover ratio is affected

This is the Notes referred to in Audit Report of even date
Laxminiwas and Co
Chartered Accountants
FRN: 011168S

Gaurav Jashwant Shah
Partner

Membership No. 229420

Date : Dec. 18, 2024
Place : Bengaluru

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

Ms. Nirja Saraf
Managing Director
DIN: 06901973

DR. MADHUCHANDA KAR
Director
DIN: 09519016

Date: 03rd December 2024
Place: Bengaluru

RAMESHA B
CFO



(Rs. in Lakhs)

Sl. No.	PARTICULARS	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
01	Value of Production	27573	28181	34201	40551	36682	38863	48957	43464	47976	52865	46470
02	Sales Turnover	24159	24724	32692	38627	35383	36036	43708	42616	47387	52757	46133
03	Exports(included in 2 above)	2554	2952	3397	2272	2397	2803	2417	2917	2459	4241	3494
04	Cash Profit	1428	2071	3358	5108	2380	3136	3868	3813	4066	4182	2592
05	Profit before tax	1207	1733	3019	4707	1903	2523	3151	3074	3252	3425	1760
06	Profit after tax	776	1106	1951	3033	1174	1582	2299	2318	2466	2489	1132
07	Share capital	1349	1349	1349	1349	1349	1349	1349	1349	1349	1349	1349
08	Reserves & Surplus	8913	9724	11432	14465	15628	16609	18538	20548	22560	24644	25542
09	Net Worth	10262	11073	12781	14814	16977	17958	19887	21897	23909	25993	26891
10	Gross Block	3852	3945	4204	8092	8005	8443	9720	10344	11050	11699	12645
11	Long term borrowings	498	624	477	310	1300	975	1008	675	376	76	-
12	Contribution to Exchequer	2757	2780	4113	5046	6269	7370	8190	8666	10158	12163	11042
13	Manpower (no)	738	728	712	731	717	658	681	618	578	748	761
14	Average Sales per employee(Rs)	38	32	46	53	49	55	64	69	82	71	61
15	Average production per factory employee (Rs)	123	128	162	192	176	196	244	230	270	284	249
16	Dividend(%)	20	14	15	18	20	22	28	30	30	15	0
17	Book Value per share (Rs) (Face value of Rs.100)	761	820	947	1172	1258	1331	1474	1623	1772	1927	1993
18	Earning per Share(Rs) (Face value of Rs. 100)	58	82	145	225	87	117	170	172	183	184	84
19	Sundry Debtors to sales (%)	29	26	25	24	29	30	34	20	31	23	26
20	Turnover to gross fixed Assets (%)	627	627	777	477	442	427	450	412	429	451	364
21	Value of closing inventory to Sales (%)	16	20	14	14	15	22	13	15	17	14	14
22	Finance cost to turnover(%)	0.12	0.06	0.04	0.18	0.28	0.54	0.31	0.21	0.23	1.11	0.21
23	Material cost toz(%)	50	48	47	45	47	48	50	50	55	55	53

PEENYA MANUFACTURING UNIT



Cephalosporin Block



Production Facilities



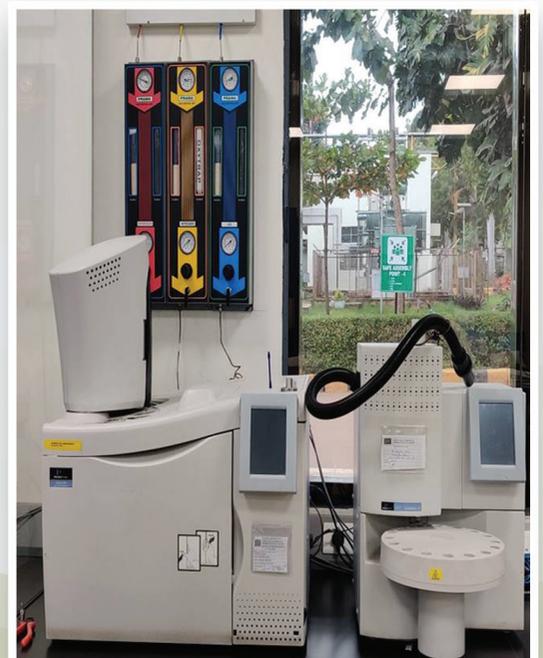
Small Volume Parentals



Penicillin Block



Factory Premise



Quality Control



Members of the Parliamentary Standing Committee on Chemicals & Fertilizers, Government of India, Study Tour held at Vizag on 02.09.2023, seen with officials from Dept. of Pharmaceuticals, Govt. of India and HoDs of KAPL.



Members of the Parliamentary Standing committee on Estimates, Government of India, study tour held at Bangalore on 28.12.2023, seen with officials from Dept. of Pharmaceuticals, Govt. of India and Team -KAPL.



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, NTTF Main Road
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CIN: U24231KA1981GOI004145