



VAT No. : 03391061164

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

P.S.T/C.S.T. No. 20269913 Dt. 18/8/1980

I.E. Code No. 1293001210

**KWALITY PHARMACEUTICALS LTD.**

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

WHO-GMP Certified Co.

ISO 9001:2008 & ISO 14001:2004

Phone : 91-183-2774321- 25  
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E-mail : export@kwalitypharma.com  
ramesh@kwalitypharma.com  
Website : www.kwalitypharma.com  
Skype ID : ramesh.arora1

CIN:- U24232PB1983PLC005426

Dtd. 07-10-2016

To,

THE Manager  
BSE Limited,  
P.J. Towers, Dalal Street, Fort,  
Mumbai - 400001.

SUB: 33<sup>rd</sup> ANNUAL REPORT OF KWALITY PHARMACEUTICALS LIMITED AS APPROVED IN THE 33<sup>rd</sup> AGM (Scrip Code: 539997)

Dear Sir/Madam,

We would like to inform you that the 33<sup>RD</sup> Annual General Meeting of our Company was held on Friday, 30<sup>TH</sup> September 2016, where proper quorum in accordance with the provisions of Companies Act, 2013 was present, to consider the matters specified in the Notice of the Annual General Meeting.

In this regard, please find enclosed 33<sup>rd</sup> Annual Report of the Company as approved in the 33<sup>rd</sup> Annual General Meeting of the Company.

Kindly take this information on your records and oblige us.

Thanking You,

Yours Faithfully,

FOR **KWALITY PHARMACEUTICALS LIMITED**


RAMESH ARORA

Managing Director

DIN: 00462656

Bankers :  
HDFC Bank, Plot No. 39, The Mall  
Amritsar -143001, Punjab, India, IFCS : HDFC0000115  
Swift HDFCINBB Account No.: 50200012350149

C.E.Reg. No. : AAACK6458MXM002  
Excise Range : Ranjit Avenue, Amritsar.  
Division: The Mall Amritsar  
Commissionerate : Ludhiana.



**KWALITY PHARMACEUTICALS LIMITED**

**33<sup>rd</sup> ANNUAL REPORT  
2015-16**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Ramesh Arora (Managing Director)  
Mr. Ajay Arora (Whole Time Director)  
Mrs. Anju Arora (Whole Time Director)  
Mrs. Geeta Arora (Whole Time Director)  
Mr. Aditya Arora (Director)  
Mr. Kiran Kumar Verma (Independent Director)  
Mr. Pankaj Takkar (Independent Director)  
Mr. Ravi Shanker Singh (Independent Director)

### CHIEF FINANCIAL OFFICER

Mr. Aditya Arora

### AUDITORS

**M/s Vijay Mehra & Co.**

Chartered Accountants  
Address: 175, Rani Ka Bagh,  
Amritsar – 143001.  
Tel: 0183-2222299

### BANKERS

**HDFC Bank Limited**

Plot No. 39, The Mall, Amritsar,  
Punjab, India – 143 001.  
Tel: 0183 - 5007507

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Pallavi Agarwal

### REGISTRAR & SHARE TRANSFER AGENTS

BIG SHARE SERVICES PRIVATE LIMITED  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (East),  
Mumbai – 400 072.  
Tel: +91 – 022 40430200  
Fax: +91 – 022 28475207  
Web: www.bigshareonline.com

### REGISTERED OFFICE

Village Nagkalan, Majitha Road, Amritsar,  
Punjab – 143 601, India  
**Tel:** +91- 0183-2774321-25;  
**Fax:** +91- 0183-2774477;  
**Website:** www.kwalitypharma.com,  
**E-mail:** cs@kwalitypharma.com

### ANNUAL GENERAL MEETING

**ON FRIDAY SEPTEMBER 30, 2016  
AT 11:00 A.M.  
AT VILLAGE NAGKALAN, MAJITHA ROAD,  
AMRITSAR – 143601**

## CONTENTS

Description	Page No.
Notice To The Members	1
Directors' Report	9
Annexure of Director's Report	17
Management Discussion and Analysis	32
Standalone Financial Statements	34
Consolidated Financial Statements	63
Attendance Slip & Proxy form	82-83

## KWALITY PHARMACEUTICALS LIMITED

Regd.Office:- VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601  
CIN No. :- U24232PB1983PLC005426.; Phone no. :- 0183-2774321-25; Fax No.:-0183-2774477  
Email Id:- [ramesh@kwalitypharma.com](mailto:ramesh@kwalitypharma.com); Website :- [www.kwalitypharma.com](http://www.kwalitypharma.com)

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### Notice

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the members of KWALITY PHARMACEUTICALS LIMITED will be held on Friday 30<sup>th</sup> September, 2016 at 11:00 A.M. at the Registered Office of the Company at VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601 to transact the following business:-

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt:

- (i) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2016, together with Reports of the Board of Directors and Auditors' thereon.
- (ii) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Ramesh Arora, (DIN : 00462656), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Mr. Ajay Arora, (DIN : 00462664), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment.

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

**“ RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of **M/s Vijay Mehra & Co., Chartered Accountants (ICAI Firm Regn. No. FRN 001051N)**, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 on such remuneration as may be determined by the Board of Directors.”

#### **SPECIAL BUSINESS:**

**5. Appointment of Mr. Aditya Arora as Director of the Company.**

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

**“RESOLVED THAT MR. ADITYA ARORA (DIN: 07320410)**, who was appointed as an Additional Director with effect from 22<sup>nd</sup> October 2015 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the company.”

**6. Appointment of Mr. Aditya Arora as Whole time Director of the Company.**





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

**"RESOLVED THAT** pursuant to provisions of sections 196, 197, 198 & 203 read with other applicable provisions & Schedule V of the Companies Act, 2013, the Articles of Association of the company and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, **MR. ADITYA ARORA (DIN: 07320410) be and is hereby appointed as Whole Time Director** of the Company for a period of five years with effect from 30<sup>th</sup> September 2016 at a remuneration and upon terms and conditions as set out in the draft agreement placed before the meeting and initialed by the chairman for the purpose of identification.

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

**RESOLVED FURTHER THAT** the Board of Directors shall be at liberty to vary the terms and conditions as set out above but within the limits of remuneration prescribed under sections 196, 197, 198 & 203 and Schedule V of the Companies Act 2013, without further reference to the shareholders of the company."

#### **7. Appointment of Mr. Kiran Kumar Verma as Independent Director of the Company.**

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

**"RESOLVED THAT** pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made there under and Listing Agreement (BSE SME), **Mr. KIRAN KUMAR VERMA (DIN: 07415375)**, who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 1, 2016, pursuant to the provision of sub section (1) of section 161 of the Companies Act, 2013 and who holds office till the date of the AGM, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Mr. KIRAN KUMAR VERMA** as candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from February 1, 2016 to January 31, 2021 as not liable to retire by rotation."

#### **8. Appointment of Mr. Pankaj Takkar as Independent Director of the Company.**

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

**"RESOLVED THAT** pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made there under and Listing Agreement (BSE SME), **Mr. PANKAJ TAKKAR (DIN: 07414345)**, who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 1, 2016, pursuant to the provision of sub section (1) of section 161 of the Companies Act, 2013 and who holds office till the date of the AGM, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Mr. Pankaj Takkar** as candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from February 1, 2016 to January 31, 2021 as not liable to retire by rotation."



#### **9. Appointment of Mr. Ravi Shanker Singh as Independent Director of the Company.**

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

**“RESOLVED THAT** pursuant to Section 149,152,Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made there under and Listing Agreement (BSE SME), **Mr. RAVI SHANKER SINGH (DIN: 02303588)**, who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 1, 2016, pursuant to the provision of sub section (1) of section 161 of the Companies Act, 2013 and who holds office till the date of the AGM, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Mr. Ravi Shanker Singh** as candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from February 1, 2016 to January 31, 2021 as not liable to retire by rotation.”

#### **10.RATIFICATION OF COST AUDITORS REMUNERATION**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules framed there under, the company hereby ratifies the remuneration of Rs. 60,000/- (Rs. Sixty Thousand Only) plus reimbursement of out of pocket expenses to M/s. Verma Khushwinder & Co., Cost Accountants, Jalandhar, appointed by the Board of Directors of the company, to conduct the audit of cost records of the company for the financial year ending 31<sup>st</sup> March, 2017.”

By Order Of The Board

Date:- 05-09-2016

Place:- Amritsar

Sd/-

(RAMESH ARORA)

Managing Director

**DIN : 00462656**

#### **NOTES**

1. The relevant Explanatory Statements pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, are annexed hereto and forms part of this notice.
2. A statement giving the relevant details of the Directors seeking appointment/re-appointment under Item Nos. 5 to 10 of the accompanying Notice, as required by Clause 52 of the Listing Agreement entered into with the Stock Exchanges is annexed herewith.

**3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN FORTY EIGHT (48) HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/AUTHORITY, AS APPLICABLE.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is



proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. Electronic copy of the Annual Report along with the notice of the 33<sup>rd</sup> Annual General Meeting of the Company for year ended 31.03.2016 is being sent to all members whose email ids are registered with the Company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report along with notice for year ended 31.03.2016 is being sent in the permitted mode.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 26<sup>th</sup> September, 2016 to Friday, 30<sup>th</sup> September, 2016.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.

7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.

8. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.

9. All Members are requested to intimate immediately any change in their address to Company's Registrar and Share Transfer Agent

**Bigshare Services Private Limited**

E/2, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai 400072

Board No:022 40430200, Fax No. :022 28475207

Email: investor@bigshareonline.com, Website: www.bigshareonline.com

Send all correspondence relating to transfer and transmission of shares to Registrar of shares to Registrar and Transfer Agent and not to the Company.

Quote their Folio No. / Client ID No. in their correspondence with the Registrar and Share Transfer Agent.

Send their queries related to accounts and operations of the Company at least 10 days in advance so that the required information can be made available at the meeting.

Intimate Registrar and Share Transfer Agent M/s Bigshare Services Private Limited for consolidation of folios, in case having more than one folio.

Bring their copies of annual report and attendance slip with them at the meeting.

10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their registered email id, bank detail, mandates, nominations, power of attorney etc to their Depository Participants. Changes intimated to the Depository Participants will then be automatically reflected in Company's records which will help the Company and its Registrars and Transfer Agents, M/s Bigshare Services Private Limited, to provide efficient and better service to the Members. Members holding share in physical form are requested to advice such changes to the Company's Registrar and transfer agents, M/s Bigshare Services Private Limited.

11. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risk associated with physical shares. Members can contact the Company's Registrar & Transfer Agent, M/s Bigshare Services Private Limited.



### **Explanatory Statements Pursuant to Section 102 (1) of the Companies Act, 2013**

#### **Item No. 5 & 6**

The Board of Directors of the Company had appointed **MR. ADITYA ARORA (DIN: 07320410)** as an Additional Director of the Company with effect from October 22, 2015 in accordance with the provisions of section 161 of the Companies Act, 2013. **MR. ADITYA ARORA** shall hold office up to the forthcoming Annual General Meeting and is eligible to be appointed as Whole Time Director of the company for a term of 5 years. The Company has received a notice under section 160 of the Companies Act, 2013 from a member signifying his candidature as Director of the Company. Brief Profile of **MR. ADITYA ARORA** is as follows:

**Mr. Aditya Arora**, aged 22 years has completed Bachelors of Commerce from Delhi University. He is on the board of the Company since October 2015. He is an active, energetic, dynamic and assisting to take our Company in the growth path. He possesses good business acumen, good administration, decision making and leadership skills etc. The Board of Directors is quite hopeful to utilize his expertise in our organization.

- Directorship in other companies

**Mr. Aditya Arora** not holds directorship in any other Company.

The payment of following remuneration to **Mr. Aditya Arora** has been approved:

Sr No.	Particulars	Remuneration
1	Salary (Monthly basis)	Rs. 40,000/- per month

If in any Financial Year, during the tenure of office of **Mr. Aditya Arora** as Whole Time Director, the Company has no profits or its profits are inadequate as may be determined by the Board/ Nomination & Remuneration committee after making an assessment of company's performance under the applicable provisions of the Act, he shall be entitled to receive the aforementioned remuneration as the minimum remuneration as provided under the Act.

A copy of the Whole Time Director's agreement will be available for inspection at the registered office of the company on any working day between 11:00 a.m and 1:00 p.m., and will also be available for inspection at the Annual General Meeting.

The Board feels that the presence of Mr. Aditya Arora as director on the Board is desirable and would be beneficial to the company.

Except Mr. Aditya Arora, Mr. Ramesh Arora, Mr. Ajay Arora, Mrs. Anju Arora and Mrs. Geeta Arora, no other Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

The Board recommends resolutions under Item Nos. 5 & 6 to be passed as an ordinary resolutions.

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

The Board of Directors of the Company had appointed **Mr. KIRAN KUMAR VERMA (DIN: 07415375)** as an Additional Director of the Company with effect from February 1, 2016 in accordance with the provisions of section 161 of the Companies Act, 2013, **Mr. KIRAN KUMAR VERMA** shall hold office



up to the forthcoming Annual General Meeting and is eligible to be appointed as a Non-Executive Independent Director for a term of 5 years. The Company has received a notice under section 160 of the Companies Act, 2013 from a member signifying his candidature as Independent Director of the Company. Brief Profile of **Mr. KIRAN KUMAR VERMA** is as follows:

**Mr. Kiran Kumar Verma** aged 43 years has completed Bachelor of Science from Guru Nanak Dev University, Amritsar in the year 1994. He has more than 20 years of experience in the area of testing and analysis of pharmaceutical products.

Directorship in other companies

**Mr. KIRAN KUMAR VERMA** not holds directorship in any other Company.

The Company has received a declaration of independence from **Mr. KIRAN KUMAR VERMA**. In the opinion of the Board, **Mr. KIRAN KUMAR VERMA** fulfills the conditions specified in the Companies Act, 2013 and the Listing Agreement, for appointment as an Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment of independent is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except **Mr. KIRAN KUMAR VERMA**, is concerned or interested (financially or otherwise) in this Resolution.

The Board recommends resolution under Item No. 7 to be passed as an ordinary resolution.

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

The Board of Directors of the Company had appointed **Mr. PANKAJ TAKKAR (DIN: 07414345)** as an Additional Director of the Company with effect from February 1, 2016 in accordance with the provisions of section 161 of the Companies Act, 2013, **Mr. PANKAJ TAKKAR** shall hold office up to the forthcoming Annual General Meeting and is eligible to be appointed as a Non-Executive Independent Director for a term of 5 years. The Company has received a notice under section 160 of the Companies Act, 2013 from a member signifying his candidature as Independent Director of the Company. Brief Profile of **Mr. PANKAJ TAKKAR** is as follows:

**Mr. Pankaj Takkar** aged 39 years, has completed Bachelor of Commerce from Guru Nanak Dev University, Amritsar in the year 1998 and Masters of Business Administration in marketing management from Punjab Technical University. He has more than 15 years of experience in the area of administrative management.

Directorship in other companies

**Mr. PANKAJ TAKKAR** not holds directorship in any other Company

The Company has received a declaration of independence from **Mr. PANKAJ TAKKAR**. In the opinion of the Board, **Mr. PANKAJ TAKKAR** fulfills the conditions specified in the Companies Act, 2013 and the Listing Agreement, for appointment as an Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment of independent is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except **Mr. PANKAJ TAKKAR**, is concerned or interested (financially or otherwise) in this Resolution.

The Board recommends resolution under Item No. 8 to be passed as an ordinary resolution.

**Item No. 9**

The Board of Directors of the Company had appointed **Mr. RAVI SHANKER SINGH (DIN: 02303588)** as an Additional Director of the Company with effect from February 1, 2016 in accordance with the provisions of section 161 of the Companies Act, 2013, **Mr. RAVI SHANKER SINGH** shall hold office up to the forthcoming Annual General Meeting and is eligible to be appointed as a Non-Executive Independent Director for a term of 5 years. The Company has received a notice under section 160 of the Companies Act, 2013 from a member signifying his candidature as Independent Director of the Company. Brief Profile of **Mr. RAVI SHANKER SINGH** is as follows:

Mr. Ravi Shanker Singh aged 43 years, has completed B.A.M.S. from Guru Nanak Dev University Amritsar in the year 1996. He has more than 18 years of experience in the area of manufacturing pharmaceutical products like tablets and injectables.

Directorship in other companies

**Mr. RAVI SHANKER SINGH** is currently holding directorship in Herbal Health Research Consortium Private Limited.

The Company has received a declaration of independence from **Mr. RAVI SHANKER SINGH**. In the opinion of the Board, **Mr. RAVI SHANKER SINGH** fulfills the conditions specified in the Companies Act, 2013 and the Listing Agreement, for appointment as an Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment of independent is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel and their relatives, except **Mr. RAVI SHANKER SINGH**, is concerned or interested (financially or otherwise) in this Resolution.

The Board recommends resolution under Item No. 9 to be passed as an ordinary resolution.

**Item No. 10**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Cost Auditors M/s Verma Khushwinder & Co., Cost Accountants, Jalandhar to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice. The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the members.

By Order Of The Board

Date:- 05-09-2016  
Place:- Amritsar

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





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

Name of Director	Date of Birth	Brief Resume and Nature of Expertise in Functional Area	List of Directorship / Committee Memberships in other Public Companies as on 31 <sup>st</sup> March, 2016
<b>ADITYA ARORA</b> (DIN: 07320410)	17/02/1994	<b>Mr. Aditya Arora</b> , aged 22 years has completed Bachelors of Commerce from Delhi University. He is on the board of the Company since October 2015. He is an active, energetic, dynamic and assisting to take our Company in the growth path. He possesses good business acumen, good administration, decision making and leadership skills etc. The Board of Directors is quite hopeful to utilize his expertise in our organization.	<b>Other Directorship:</b> Nil <b>Committee positions held in Kwalita Pharmaceuticals Limited :-</b> <b>Member – Audit Committee</b>  <b>Committee Positions held in other Public Companies: Nil</b>  <b>Relationship with other directors :-</b> Relative of Directors Mr. Ramesh Arora, Mr. Ajay Arora, Mrs. Anju Arora & Mrs. Geeta Arora  <b>No of Shares held in the Company :-71000</b>
<b>KIRAN KUMAR VERMA</b> (DIN: 07415375)	02/12/1972	<b>Mr. Kiran Kumar Verma</b> aged 43 years has completed Bachelor of Science from Guru Nanak Dev University, Amritsar in the year 1994. He has more than 20 years of experience in the area of testing and analysis of pharmaceutical products.	<b>Other Directorship:</b> Nil  <b>Committee positions held in Kwalita Pharmaceuticals Limited :-</b> Member – Audit Committee Chairman: Nomination And Remuneration Committee  <b>Committee Positions held in other Public Companies: Nil</b>  <b>Relationship with other directors :-</b> No Relation <b>No of Shares held in the Company :-Nil</b>
<b>PANKAJ TAKKAR</b> (DIN: 07414345)	17/08/1977	<b>Mr. Pankaj Takkar</b> aged 39 years, has completed Bachelor of Commerce from Guru Nanak Dev University, Amritsar in the year 1998 and Masters of Business Administration in marketing management from Punjab Technical University. He has more than 15 years of experience in the area of administrative management.	<b>Other Directorship:</b> Nil  <b>Committee positions held in Kwalita Pharmaceuticals Limited :-</b> Chairman – Audit Committee Member: Nomination And Remuneration Committee  <b>Committee Positions held in other Public Companies: Nil</b>  <b>Relationship with other directors :-</b> No Relation <b>No of Shares held in the Company :-Nil</b>
<b>RAVI SHANKER SINGH (DIN: 02303588)</b>	21/05/1973	<b>Mr. Ravi Shanker Singh</b> aged 43 years, has completed B.A.M.S. from Guru Nanak Dev University Amritsar in the year 1996. He has more than 18 years of experience in the area of manufacturing pharmaceutical products like tablets and injectables.	<b>Other Directorship:</b> Herbal Health Research Consortium Private Limited <b>Committee positions held in Kwalita Pharmaceuticals Limited :-</b> Member: Nomination And Remuneration Committee Chairman:- Stakeholders Relationship Committee <b>Committee Positions held in other Public Companies: Nil</b> <b>Relationship with other directors :-</b> No Relation <b>No of Shares held in the Company :-Nil</b>



## DIRECTORS' REPORT

**To  
The Members**

Your Directors have pleasure in presenting the **33<sup>rd</sup> Annual Report** of **KQUALITY PHARMACEUTICALS LIMITED** along with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2016.

### **FINANCIAL HIGHLIGHTS**

Our Company's financial performance for the year under review has been encouraging and is summarized below:

**Rupees in Lacs**

	<b>Standalone</b>		<b>Consolidated</b>	
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>
Total Income	7642.25	5295.99	7453.90	5279.79
Less Expenditure & Depreciation	7334.36	5108.92	7206.33	5145.02
Profit Before Tax (PBT)	307.89	187.07	247.57	134.77
Less: Tax (including deferred tax)	119.37	54.62	119.38	54.61
Profit After Tax (PAT)	188.52	132.45	128.19	80.16

### **PERFORMANCE REVIEW**

During the year under review, on standalone basis, revenue of the company was Rs. 7642.25 Lakhs as compared to Rs. 5295.99 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 188.52 Lakhs as compared to Rs. 132.45 Lakhs in the previous year. During the period under review the company's reserves and surplus increased from Rs.1528.69 Lacs to Rs.1755.65 Lakhs.

On consolidated basis, revenue of the company was Rs. 7453.90 Lakhs as compared to Rs.5279.79 Lakhs in the corresponding previous year. The Company earned a profit after tax of Rs. 128.19 Lakhs as compared to Rs. 80.16 Lakhs in the previous year.



#### **CONVERSION TO A PUBLIC LIMITED COMPANY**

Your Company was converted from a Private Limited Company to a Public Limited Company during the year under review. The Company had received a fresh certificate of Incorporation on December 28, 2015 consequent upon conversion to a Public Limited Company from Registrar of Companies, Chandigarh.

#### **DIVIDEND**

To conserve resources, the Directors do not recommend any dividend for the year ended March 31, 2016.

#### **RESERVES**

The Company does not transfer any amount to reserves during F.Y. 2015-2016.

#### **STATE OF COMPANY'S AFFAIR**

The company has recently obtained listing status on the SME platform of Bombay Stock Exchange by making the Initial Public Offer of 13,80,000 equity shares. With this new success the company is planning and making arrangement to expand its business not only in the domestic market but also trying to create a niche in the international market. Expansion is being implemented at various phases by which the benefits will accrue to the shareholders in the coming financial year.

#### **Listing on SME Platform**

Your directors are pleased to inform you that the securities of the company have been listed on the SME platform of BSE on 18<sup>th</sup> of July, 2016 and the company has paid listing fees for the Financial year 2016 – 17.

#### **EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return in Form No. MGT – 9 is attached in 'Annexure A'.

#### **CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, Mr. Kiran Kumar Verma, Mr. Pankaj Takkar and Mr. Ravi Shanker Singh were appointed as Additional Directors designated as Independent Director w.e.f. February 1, 2016. They shall hold office up to the date of the ensuing Annual General Meeting. However as per provisions of the Companies Act, 2013, the Independent Directors are required to be appointed by shareholders and they shall not be liable to retire by rotation. The Company has received requisite notices in writing from members proposing their appointment as Independent Directors. The Company has also received declaration from such Independent Directors that they meet the criteria of Independence as prescribed under section 149(6) of the Companies Act, 2013. Accordingly it is proposed to appoint them for a term of five consecutive years effective from the conclusion of this Annual General Meeting.



Mr. Aditya Arora (DIN: 07320410) was appointed as an Additional Director by the Board of Directors w.e.f. 22<sup>nd</sup> October 2015 and who shall hold office upto the date of ensuing Annual General Meeting. The company has received a notice from a member signifying his intention to propose his candidature for the office of a Director and accordingly it is proposed to appoint him as Director of the Company. Further pursuant to the provisions of the Companies Act, 2013, the Board approves of the appointment and terms of remuneration of Mr. **Aditya Arora** as a Whole – Time Director designated as an Executive Director of the Company. Accordingly members approval is recommended for appointment of Mr. Aditya Arora as a Whole – Time Director.

During the year under review, Mr. Ramesh Arora – Managing Director, Mr. Aditya Arora – Chief Financial Officer; Mr. Ajay Arora, Mrs. Anju Arora & Mrs. Geeta Arora –Whole time Directors and Ms. Pallavi Agarwal–Company Secretary were designated as Key Managerial Personnel pursuant to the requirements of the applicable provisions of the Companies Act, 2013 read with rules made thereunder.

During the year, none of the directors have resigned from the board.

#### **RETIREMENT BY ROTATION**

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

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2014-15, 52 meetings of the Board of Directors of the company were held. The dates on which the said meetings were held: 01-04-2015, 27-05-2015, 05-06-2015, 11-06-2015, 19-06-2015, 21-07-2015, 04-08-2015, 22-08-2015, 24-08-2015, 26-08-2015, 01-09-2015, 06-09-2015, 07-09-2015, 17-09-2015, 25-09-2015, 26-09-2015, 28-09-2015, 09-10-2015, 16-10-2015, 21-10-2015, 22-10-2015, 23-10-2015, 26-10-2015, 01-11-2015, 03-11-2015, 18-11-2015, 23-11-2015, 08-12-2015, 10-12-2015, 16-12-2015, 20-12-2015, 23-12-2015, 28-12-2015, 04-01-2016, 07-01-2016, 08-01-2016, 11-01-2016, 16-01-2016, 19-01-2016, 22-01-2016, 28-01-2016, 01-02-2016, 03-02-2016, 04-02-2016, 10-02-2016, 01-03-2016, 09-03-2016, 14-03-2016, 17-03-2016, 21-03-2016, 23-03-2016 and 30-03-2016. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of attendance of directors at the meetings of board held during the financial year 2015-16 are:-

<b>Name of the Director</b>	<b>No. of Board Meetings attended during the f.y. 2015-16</b>
Mr. Ramesh Arora	<b>52</b>
Mr. Ajay Arora	<b>52</b>
Ms. Geeta Arora	<b>52</b>
Ms. Anju Arora	<b>52</b>
Mr. Aditya Arora	<b>30</b>
Mr. Kiran Kumar Verma	<b>3</b>
Mr. Pankaj Takkar	<b>3</b>
Mr. Ravi Shanker Singh	<b>3</b>



### **MANAGEMENT DISCUSSION AND ANALYSIS:**

As required by Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Management Discussion & Analysis Report forms part of the Annual Report.

#### **COMMITTEES OF THE BOARD**

The Board has constituted various committees to support the Board in discharging its responsibilities. The following three committees are constituted by the Board:

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee

### **REPORT ON CORPORATE GOVERNANCE:**

No Report on Corporate Governance pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as the same is not applicable to company for the financial year ending March 31, 2016.

### **MECHANISM FOR EVALUATING BOARD MEMBERS:**

Pursuant to the section 134 (p) of Companies Act, 2013 read with Rule 8 (4) of Companies Accounts Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the Board Committees. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, frequency of committee meetings, their functioning etc.

The evaluation of the Directors were based on their attendance and participation, acting in good faith and in the interests of the company as a whole, Exercising duties with due diligence and reasonable care, Complying with legislations and regulations in letter and spirit and such other factors.

In addition, the Chairman was also evaluated on the key aspects of his role. In a separate meeting of independent Directors, performance of non independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

### **FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS:**

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



#### **MEETINGS OF INDEPENDENT DIRECTORS:**

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to (i) review the performance of Non Independent Directors and the Board as a whole, (ii) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and (iii) to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.

One meeting of the Independent Directors was held during the Financial Year on 16/03/2016.

#### **NOMINATION & REMUNERATION POLICY OF THE COMPANY:**

The Nomination & Remuneration Policy of the Company is given in 'Annexure B'.

#### **WHISTLE BLOWER POLICY:**

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

#### **STATUTORY AUDITORS**

The Statutory Auditors, **M/s Vijay Mehra & Co., Chartered Accountants (ICAI Firm Regn. No. FRN 001051N)** were appointed as statutory auditors in the 31<sup>st</sup> AGM of the company to hold office until the conclusion of the 36<sup>th</sup> Annual General Meeting of the company. Their continuation with the Company is to be ratified in the ensuing Annual General Meeting of the Company and the Company has received a certificate from the auditors to the effect that they are eligible to be reappointed and not disqualified in accordance with the provisions of the Companies Act, 2013.

#### **AUDITORS' REPORT**

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

#### **COST AUDITOR**

Pursuant to Section 148(3) of the Companies Act, 2013, **M/s Verma Khushwinder & Company, Cost Accountants, Jalandhar**, have been appointed as the Cost Auditors of the Company for the financial year 2015-16 by the Board of Directors and their remuneration has been ratified by members at the 32<sup>nd</sup> Annual General Meeting of the Company.





#### **SECRETARIAL AUDITORS**

The company listed its equity shares on July 18, 2016 on SME Segment of the Bombay Stock Exchange Limited. The turnover and the paid up capital of the company as on March 31, 2016 were below the applicability criteria for secretarial audit as prescribed under the Companies Act, 2013 and rules made there under. In view of the same no secretarial audit were performed by the directors of the company.

#### **DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The Company has one subsidiary company 'Kwality Pharmaceuticals Africa, Limitada' at Maputo Province, Mozambique which is mainly engaged in the Pharmaceuticals business. The Board reviewed the affairs of the Company's subsidiary during the year at regular intervals. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company and its subsidiary, which forms part of this Annual Report. Further a statement containing salient features of the Financial Statements of its subsidiary in Form AOC-1 as given in 'Annexure C' forms part of the Financial Statements.

#### **CORPORATE SOCIAL RESPONSIBILITY(CSR)**

The CSR provisions were not applicable on the company during the year under review.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Company has a Board approved policy on Related Party Transactions. All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and the provisions of Section 188 of the Companies Act, 2013 are not attracted. The transactions with the related parties have been disclosed in the financial statements. Thus disclosure in Form AOC-2 is not required.

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

The company has recently obtained listing status on the SME platform of Bombay Stock Exchange by making the Initial Public Offer of 13,80,000 equity shares. No other material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this report.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8, sub-rule (3) of Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo is provided as under :



A) Conservation of energy:

Energy conservation continues to be the key focus area of your Company. The Company is making continuous effort for energy conservation. Effective measures have been taken to monitor consumption of energy during the process of manufacture. Continuous monitoring and awareness amongst employees has helped to avoid wastage of energy. Continuously we take necessary activities to educate and encourage employees to establish energy efficient practices, equipments;

(B) Technology absorption:

The company always remains aggressive for improvement of quality of product, efficient manufacturing process, search of new products or modification in the existing products, introducing new products by continuously studying the market. Company takes help of outside agencies, whenever required, to improve manufacturing process or method which ultimately benefit to the quality and cost of product.

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

Particulars	Year ended 31 <sup>st</sup> March 2016 ( Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2015 ( Rs. In Lakhs)
Earnings		
Export Sales	3476.99	3266.84
<b>Outgo</b>		
Capital Goods	33.73	Nil
Raw Materials	295.93	178.82

**DEPOSITS**

The company has not accepted any deposits falling within the meaning of Section 73 of the Companies Act, 2013 and rules made there under.

**PARTICULARS OF EMPLOYEES REMUNERATION**

The information pertaining to Section 197(12) read with Rule 5 ( 1 ) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as '**Annexure D**'. There is no employee drawing a salary exceeding the limit prescribed under Section 197(12) read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**SHARE CAPITAL**

**CHANGES IN SHARE CAPITAL**

During the Financial Year 2015-16, the Company has received an unpaid call of Rs. 5 per share on 12,00,000 equity shares amounting to Rs. 60 Lakhs. The share premium at the rate of Rs. 12 per share was received on the aforementioned shares, amounting to Rs. 144.00 Lakhs.



**PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES**

The company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees as per Rule 16(4) of Companies (share capital and debentures) Rules, 2014.

**ISSUE OF SWEAT EQUITY SHARES**

The Company has not issued any sweat equity share during the financial year in accordance with the provisions of Section 54 of Companies Act, 2013 read with Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

**ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

The Company has not issued any equity shares with differential voting rights during the financial year as per Rule 4(4) of Companies (Share capital and debentures) Rules, 2014.

**ISSUE OF EMPLOYEE STOCK OPTION**

The company has not issued any employee stock option during the financial year as per Rule 12 of Companies (share capital and debentures) Rules, 2014.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Company has effective system in place for achieving efficiency in operations, optimum and effective utilization of resources, monitoring thereof and compliance with applicable laws.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants, whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. The Company has not received any complaints during the year.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibilities Statement, the Directors state and hereby confirm that:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made



judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGMENTS:**

The Board of Directors wish to place on record its appreciation for the commitment, dedication and hard work done by the employees of the Company and the cooperation extended by Banks, Government Authorities, Customers, Shareholders and looks forward to a continued mutual support and co-operation.

**For and on Behalf of the Board**

Place: Amritsar  
Date: 05-09-2016

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

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

### **ANNEXURE 'A' TO DIRECTORS' REPORT**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.**

#### **I. REGISTRATION & OTHER DETAILS:**

1. CIN	U24232PB1983PLC005426
2. Registration Date	04/05/1983
3. Name of the Company	KWALITY PHARMACEUTICALS LIMITED
4. Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
5. Address of the Registered office & contact details	VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR, PUNJAB. Phone no. :- 0183-2774321-25
6. Whether listed company	NO
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE



**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	PHARMACEUTICALS	210	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kwality Pharmaceuticals Africa, Limitada Mozambique, Maputo Province, City Of Matola	100428873	Subsidiary	51%	2(87)

**III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) INDIAN									
a) Individual/ HUF	NIL	2688084	2688084	53.67	NIL	2688084	2688084	53.67	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):	NIL	2688084	2688084	53.67	NIL	2688084	2688084	53.67	NIL
(2) Foreign									
a) NRIs-Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A)=(A) (1)+ (A)(2)	NIL	2688084	2688084	53.67	NIL	2688084	2688084	53.67	NIL



B. Public Share holding / Other than Promoters									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	NIL	1680000	1680000	33.54	NIL	1680000	1680000	33.54	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	640015	640015	12.79	NIL	640015	640015	12.79	NIL
c) Others (Public)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Non Resident Indians	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	NIL	2320015	2320015	46.33	NIL	2320015	2320015	46.33	NIL
Total Public Share holding (B)=(B)(1)+ (B)(2)	NIL	2320015	2320015	46.33	NIL	2320015	2320015	46.33	NIL





C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	5008099	5008099	100%	NIL	5008099	5008099	100%	NIL

ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ramesh Arora	1483008	29.61	NIL	1483008	29.61	NIL	NIL
2	Anju Arora	67817	1.35	NIL	67817	1.35	NIL	NIL
3	Ajay Arora	697814	13.93	NIL	697814	13.93	NIL	NIL
4	Jugal Kishore HUF	46175	0.92	NIL	46175	0.92	NIL	NIL
5	Anju Arora	71000	1.42	NIL	NIL	NIL	NIL	-100%
6	Anu Mehra	120466	2.41	NIL	120466	2.41	NIL	NIL
7	Geeta Arora	55750	1.11	NIL	55750	1.11	NIL	NIL
8	Aarti Seth	46580	0.93	NIL	46580	0.93	NIL	NIL
9	Sachin Arora	15010	0.30	NIL	15010	0.30	NIL	NIL
10	Sachin Seth	12810	0.26	NIL	12810	0.26	NIL	NIL
11	Tarun Mehra	30000	0.60	NIL	30000	0.60	NIL	NIL
12	Pooja Arora	41654	0.83	NIL	41654	0.83	NIL	NIL
13	Aditya Arora	Nil	0.00	NIL	71000	1.42	NIL	+100%
	TOTAL	2688084	53.67	NIL	2688084	53.67	NIL	NIL

iii) Change in Promoters' Shareholding :- NO CHANGE

SN.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	NA	NA



iv) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Situs Promoters Private Limited</b>				
	At the beginning of the year	1200000	23.96		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	1200000	23.96		
2	<b>Classic International Limited</b>				
	At the beginning of the year	255000	5.09		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	255000	5.09		
3	<b>R. K. P. K. Foods India Pvt Ltd</b>				
	At the beginning of the year	175000	3.49		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	175000	3.49		
4	<b>Preet International (P) Limited</b>				
	At the beginning of the year	50000	0.99		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	50000	0.99		
5	<b>Kiran Mahajan</b>				
	At the beginning of the year	34759	0.69		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL



	At the end of the year	34759	0.69		
6	<b>Vijay Martin</b>				
	At the beginning of the year	33896	0.67		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	33896	0.67		
7	<b>Shankar Dayal</b>				
	At the beginning of the year	33886	0.67		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	33886	0.67		
8	<b>Neeraj Lakhanpal</b>				
	At the beginning of the year	33490	0.66		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	33490	0.66		
9	<b>Bharat Singh Ranawat</b>				
	At the beginning of the year	31472	0.62		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	31472	0.62		
10	<b>Ashish Kumar</b>				
	At the beginning of the year	31178	0.62		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	31178	0.62		



### V) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>RAMESH ARORA – MANAGING DIRECTOR</b>				
	At the beginning of the year	1483008	29.61		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	1483008	29.61		
2	<b>AJAY ARORA – WHOLE TIME DIRECTOR</b>				
	At the beginning of the year	697814	13.93		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	697814	13.93		
3	<b>GEETA ARORA - WHOLE TIME DIRECTOR</b>				
	At the beginning of the year	55750	1.11		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	55750	1.11		
4	<b>ANJU ARORA - WHOLE TIME DIRECTOR</b>				
	At the beginning of the year	67817	1.35		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	67817	1.35		



5	<b>ADITYA ARORA- DIRECTOR &amp; CFO</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Transfer on 23/03/2016	71000	1.42	71000	1.42
	At the end of the year	71000	1.42		
6	<b>KIRAN KUMAR VERMA- INDEPENDENT DIRECTOR</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
7	<b>RAVI SHANKER SINGH- INDEPENDENT DIRECTOR</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year				
8	<b>PANKAJ TAKKAR- INDEPENDENT DIRECTOR</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
9	<b>PALLAVI AGARWAL- COMPANY SECRETARY</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL



**V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment. ( Rupees In Lacs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	692.57	50.23	NIL	742.8
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	692.57	50.23	NIL	742.8
Change in Indebtedness during the financial year				
*Addition	601.5	NIL	NIL	601.5
*Reduction	(94.04)	(31.99)	NIL	(126.03)
Net Change	507.46	(31.99)	NIL	475.47
Indebtedness at the end of the financial year				
i) Principal Amount	1200.03	18.24	NIL	1218.27
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	1200.03	18.24	NIL	1218.27

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Ramesh Arora	Ajay Arora	Anju Arora	Geeta Arora	Aditya Arora	(In Rs.)
		(MD)	(WTD)	(WTD)	(WTD)	(ED & CFO)	
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1925000	1925000	480000	480000	210000	50,20,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL





	© Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (A)	1925000	1925000	480000	480000	210000	50,20,000
	Ceiling as per the Act	N/A (due to inadequate profits)					

#### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		<b>Ravi Shanker Singh</b>	<b>Pankaj Takkar</b>	<b>Kiran Kumar Verma</b>	---	(in Rs.)
1	Independent Directors	NIL	NIL	NIL	NIL	NIL
	Fee for attending board/ committee meetings	4500	4500	4500	NIL	13,500
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	4500	4500	4500	NIL	13500
2	Other Non-Executive Directors	NIL	NIL	NIL	NIL	NIL
	Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration <b>Total(B)=(1+2)</b>	4500	4500	4500	NIL	13,500
	Overall Ceiling as per the Act	N/A (due to inadequate profits)				

#### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				



	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on Behalf of the Board

Sd/-

Sd/-

(RAMESH ARORA)  
Managing Director  
DIN: 00462656

(AJAY ARORA)  
Whole Time Director  
DIN: 00462664

Place: Amritsar  
Date:05-09-2016



## **ANNEXURE 'B' TO DIRECTORS' REPORT**

### **NOMINATION & REMUNERATION COMMITTEE**

Our Company has constituted a Nomination & Remuneration committee ("*Nomination & Remuneration Committee*") pursuant to the provisions of section 178 of the Companies Act, 2013. The Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 14<sup>th</sup> March, 2016. The committee currently comprises of following three (3) Directors:-

No.	Name of the Director	Status	Nature of Directorship
1.	KIRAN KUMAR VERMA	Chairman	Non-Executive Independent Director
2.	PANKAJ TAKKAR	Member	Non-Executive Independent Director
3.	RAVI SHANKER SINGH	Member	Non-Executive Independent Director

The Company Secretary shall act as the Secretary to Nomination & Remuneration Committee

The terms of reference of Nomination & Remuneration committee shall comply with the requirements of Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Role & Responsibilities of Nomination & Remuneration committee shall be:**

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Our Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;

(e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

The Committee shall have powers to act in accordance with the provisions of the Articles of Association of the Company read with section 178 to the Companies Act, 2013.

**Decision & Voting powers :** All the decisions of the committee shall be taken by vote of majority. Members of the committee shall be entitled to vote. In case of equality, the Chairman shall have one additional casting vote.

**Tenure of the committee:** The Committee shall continue to be in function as a Committee of the Board until otherwise resolved by the Board.

**Meetings:** The Committee shall meet on the reference made by the Board to the Committee.

The Committee on any matter relating to the reference made to it shall submit a report along with the resolution passed by it to the Board from time to time.

The Chairman of the Committee shall attend the annual general meeting of the Company to provide any clarification on matter relating to the remuneration payable to the directors of the Company.

#### **For and on Behalf of the Board**

**Sd/-**

**(RAMESH ARORA)**

**Managing Director**

**DIN: 00462656**

**Sd/-**

**(AJAY ARORA)**

**Whole Time Director**

**DIN: 00462664**

Place: Amritsar

Date: 05-09-2016



# **ANNEXURE 'C' TO DIRECTORS' REPORT**

## **Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

### **Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Kwalita Pharmaceuticals Africa, Limitada Mozambique, Maputo Province, City Of Matola
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Mozambican Meticals (MZN) 1MZN = 1.28 INR as on 31.03.2016
4.	Share capital	40,00,000.00 MZN
5.	Reserves & surplus	(-) 19,90,747.93 MZN
6.	Total assets	1,04,19,018.75 MZN
7.	Total Liabilities	1,04,19,018.75 MZN
8.	Investments	1,01,85,000.00 MZN
9.	Turnover	-
10.	Profit before taxation	(-) 16,99,585.57 MZN
11.	Provision for taxation	-
12.	Profit after taxation	(-) 16,99,585.57 MZN
13.	Proposed Dividend	-
14.	% of shareholding	51%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

### **Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures :- Not Applicable**

Name of associates/Joint Ventures			
1. Latest audited Balance Sheet Date	NA	NA	NA
2. Shares of Associate/Joint Ventures held by the company on the year end	NA	NA	NA
No.	NA	NA	NA
Amount of Investment in Associates/Joint Venture			
Extend of Holding%	NA	NA	NA
3. Description of how there is significant influence	NA	NA	NA
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet	NA	NA	NA
6. Profit/Loss for the year			
i. Considered in Consolidation	NA	NA	NA
ii. Not Considered in Consolidation	NA	NA	NA

**For and on Behalf of the Board**

**of KWALITY PHARMACEUTICALS LIMITED**

Sd/-

Sd/-

**(RAMESH ARORA)**  
**Managing Director**  
**DIN: 00462656**

**(AJAY ARORA)**  
**Whole Time Director**  
**DIN: 00462664**

Place: Amritsar  
Date:05-09-2016



## **ANNEXURE 'D' TO DIRECTORS' REPORT**

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial Year:**

<b>Executive Director</b>	<b>Ratio to Median Remuneration</b>
RAMESH ARORA	30.17
AJAY ARORA	30.17
ANJU ARORA	7.52
GEETA ARORA	7.52
ADITYA ARORA	3.29

**B. The percentage increase in remuneration of each director, chief financial officer and the company secretary in the financial year**

<b>Name</b>	<b>% increase in remuneration in the financial year</b>
RAMESH ARORA	6.94
AJAY ARORA	6.94
ANJU ARORA	Nil
GEETA ARORA	9.09
ADITYA ARORA	Not Applicable
PALLAVI AGARWAL	Not Applicable

**C. The percentage increase in the median remuneration of employees in the financial year:**  
22.6 %

**D. The number of permanent employees on rolls of the company during the year was 170.**

**E. The explanation on the relationship between average increase in remuneration and company performance:**

The company follows performance appraisal methodology where in performances of employees are linked to the key deliverables and key control areas of the company. The increase in remuneration thus suggests better performance of the company in terms of profitability and customer satisfaction, stronger processes and controls, better compliances with various regulations and establishment of better relationship with stakeholders.

**F. Comparison of remuneration of the Key Managerial Personnel against the performance of the company:**

Aggregate Remuneration of Key Managerial personnel in FY 2015-16 (Rs. In Lakhs)	50.20
Revenue (Rs. In Lakhs)	7642.25
Remuneration of KMPs (As % of revenue)	0.66 %
Profit before Tax (PBT) (Rs. In Lakhs)	307.89
Remuneration of KMPs (as % of PBT)	16.30





**G. Variations in the market capitalization of the company, price earnings ratios as at the closing date of the current financial year and previous financial year.**

The company got its equity shares listed on the BSE SME Segment on 18<sup>th</sup> July, 2016 and accordingly requisite comparison is not applicable.

**H. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

The company got its equity shares listed on the BSE SME Segment on 18<sup>th</sup> July, 2016 and accordingly requisite comparison is not applicable.

**I. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

	F.Y. 2014-15	F. Y. 2015-16	% increase
Employees' Salary (in Rupees Lakhs)	118.05	156.55	32.61
Managerial Remuneration (in Rupees Lakhs)	45.20	50.20	11.06

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

**J. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;**

	Ramesh Arora (MD)	Ajay Arora (WTD)	Anju Arora (WTD)	Geeta Arora (WTD)	Aditya Arora (CFO)	Pallavi Agarwal (CS)
Remuneration in FY 2016	1925000	1925000	480000	480000	210000	Appointed w.e.f. 21.03.2016
Remuneration (as % of revenue)	0.25	0.25	0.063	0.063	0.027	
Remuneration (as % of PBT)	6.25	6.25	1.56	1.56	0.68	

**K. The key parameters for any variable component of remuneration availed by the directors;**

There is no variable component in remuneration of directors.

**L. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.** Not Applicable

**M. Affirmation that the remuneration is as per the remuneration policy of the company.**

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

Place: Amritsar  
Date:05-09-2016

For and on Behalf of the Board  
Sd/-  
(RAMESH ARORA) Managing Director DIN: 00462656  
Sd/-  
(AJAY ARORA) Whole Time Director DIN: 00462664



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE & DEVELOPMENT

The Indian Pharmaceutical industry has been a significant contributor to the Indian economy and continues to play a pivotal role in India's growth story through its contribution to industrial output and employment generation. The life sciences sector comprising of pharmaceutical, biotech and healthcare delivery is experiencing a modest upswing globally, sustained in part due to launch of newer and expensive drugs, emerging markets demand and encouraging catalytic economic and demographic trends. Aging populations, increasing prevalence of chronic/lifestyle diseases, emerging-market expansion, and treatment & technology advances are expected to sustain the momentum of life sciences sector growth. Indian pharmaceutical industry accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world leader in Drug Master Files (DMFs) application with US. Indian pharmaceutical industry has many advantages in terms of efficient cost of production, good R&D technical work force for process improvements, lower healthcare costs, diversified array of products viz., over 60,000 generics brands across 60 therapeutic categories comprising of more than 500 different APIs. Economic prosperity, increased drugs affordability and increasing penetration of health insurance along with government initiatives like 'Pharma Vision 2020' will propel India to become a global leader as an end-to-end drug manufacturer. The government of India is committed to setting up robust healthcare and delivery mechanisms.

### COMPETITION

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the Pharma industry. The organized players in the industry compete with each other by providing high quality-time bound products and value added services. We have a number of competitors offering services similar to us. We believe the principal elements of competition in Pharma industry are price, quality, timely delivery and reliability.

### OUTLOOK

The current scenario defines that the market conditions will be favorable for the company and it is expected that the company will thrive in future only if it adapt the changes arising in the environment. Taking into the account all the above it is expected that while the growth in profitability would be a challenge, the concrete plans and strategies set up by the management will help the company to overcome the challenges.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an adequate internal control system commensurate with its size and the nature of its business in order to achieve efficiency in operation and optimum utilization of resources. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. Internal audits are conducted in the Company on regular basis.

### FINANCIAL AND OPERATIONAL PERFORMANCE

(In Rupees Lacs)		
Particulars	Current Year	Previous Year
Total Income	7642.25	5295.99
Profit before Tax (PBT)	307.89	187.07
Profit After Tax (PAT)	188.52	132.45





#### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The industrial relations remained cordial throughout the year. The employees of the Company have extended a very productive cooperation in the efforts of the management to carry the Company to greater heights. Continuous training down the line is a normal feature in the Company to upgrade the skills and knowledge of the employees and workmen of the Company.

#### **CAUTIONARY STATEMENT**

Statement in this report describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include economic conditions affecting demand / supply and price condition in the domestic markets in which the company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

#### **For and on Behalf of the Board**

**Sd/-**

**(RAMESH ARORA)**

**Managing Director**

**DIN: 00462656**

**Sd/-**

**(AJAY ARORA)**

**Whole Time Director**

**DIN: 00462664**

Place: Amritsar

Date:05-09-2016



## **Independent Auditors' Report for the Standalone Financial Statements of Kwalita Pharmaceuticals Limited (erstwhile M/s Kwalita Pharmaceuticals Private Limited)**

**To**

**The Members**

**M/s Kwalita Pharmaceuticals Limited**

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **M/s Kwalita Pharmaceuticals Limited** (erstwhile M/s Kwalita Pharmaceuticals Private Limited) which comprise the Standalone Balance Sheet as at 31 March 2016, Standalone Statement of Profit and Loss and Standalone Cash Flow Statement (collectively referred to as "Standalone Financial Statements") for the year ended then, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that are 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i. in the case of the standalone balance sheet, of the state of affairs of the Company as at 31 March 2016;
- ii. in the case of the standalone statement of profit and loss, of the profit for the year ended on that date;
- ii. in the case of standalone cash flow statement, cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in 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(3) of the Act, we report that:**

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;





- c. the Balance Sheet , Statement of Profit and Loss and cash flow statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act as applicable.
- e. on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company & the operating effectiveness of such controls, refer to our separate report in “Annexure B”. Our report expresses an unmodified opinion on adequacy and operating effectiveness of the company’s internal financial controls over financial reporting.
- g. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - (i) The Financial statements disclose the impact of pending litigations on the financial position of the Company. Refer note 42 of the Notes and Disclosures forming part of the Standalone Financial Statements, annexed with the standalone financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts as such the question of commenting on any material foreseeable losses thereon does not arise;
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

**For Vijay Mehra & Co.**  
**Chartered Accountants**  
**Firm Registration no. 001051N**

**Sd/-**  
**CA Amit Handa**  
**Partner**  
**Membership No. 502400**  
**Place: Amritsar**  
**Date: 05.09.2016**



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties owned by the company are held in the name of the company.

(ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

(iii) As informed to us, the company has granted loans to its Subsidiary listed in the register maintained under section 189 of the Companies Act, 2013. The subsidiary Company named **Kwality Pharmaceuticals Africa Limitada** incorporated on 20.9.2013 under the laws of Africa having identification number as 100428873. The registered office of the Company is located at Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa.

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

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

c) As informed, there are no overdues in the amount of loan.

(iv) In respect of loans, investments, guarantees, and security the provisions of section 185 of the Companies Act, 2013 have not been complied with. Company's Director, Mr. Aditya Arora was granted a loan during the year 2015-16 by the company. However, the same was repaid during the year. The requirements of section 186 of the Companies Act, 2013 have been complied with by the company.





(v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Act, are not applicable and hence reporting under clause 3(v) of CARO 2016 is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records have been so made and maintained by the company.

(vii) According to the information and explanations given to us,

(a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

(b) Details of dues of income tax that have not been deposited on account of any dispute are given below:-

<u>Name of Statute</u>	<u>Nature of Dues</u>	<u>Forum where dispute is pending</u>	<u>Period to which amount relates</u>	<u>Amount involved (In Rs.)</u>	<u>Amount Paid under Protest</u>	<u>Amount Unpaid</u>
Income Tax Act, 1961	Income tax & Interest	CIT (Appeals)	Assessment Year 2012-13	1,33,53,680/-	55,00,000/-	78,54,680/-

(viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

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

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

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

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the CARO 2016 is not applicable.



(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, and hence reporting under clause 3(xvi) of the CARO 2016 is not applicable.

**For Vijay Mehra & Co.**  
**Chartered Accountants**  
**Firm Registration no. 001051N**

**Sd/-**  
**CA Amit Handa**  
**Partner**  
**Membership No. 502400**  
**Place: Amritsar**  
**Date: 05.09.2016**





## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

We have audited the internal financial controls over financial reporting of **M/s Kwaliti Pharmaceuticals Limited** ("the Company") as of 31st March 2016 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 ("the 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over



provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 issued by the ICAI.

**For Vijay Mehra & Co.**  
**Chartered Accountants**  
**Firm Registration no. 001051N**

**Sd/-**  
**CA Amit Handa**  
**Partner**  
**Membership No. 502400**  
**Place: Amritsar**  
**Date: 05.09.2016**



**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)**  
**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2016**

Rupees in Lakhs

Particulars	Note	As at 31 March, 2016	As at 31 March, 2015
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' funds</b>		
	(a) Share capital	500.81	440.81
	(b) Reserves and surplus	1,755.65	1,528.69
		2,256.46	1,969.50
<b>2</b>	<b>Share application money pending allotment</b>		
<b>3</b>	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	253.06	79.76
	(b) Deferred tax liabilities (net)	45.03	3.53
	(c) Other long-term liabilities	-	-
	(d) Long-term provisions	17.36	-
		315.45	83.29
<b>4</b>	<b>Current liabilities</b>		
	(a) Short-term borrowings	965.21	663.04
	(b) Trade payables	966.68	418.56
	(c) Other current liabilities	594.04	601.52
	(d) Short-term provisions	127.68	58.00
		2,653.60	1,741.12
	<b>TOTAL</b>	<b>5,225.51</b>	<b>3,793.91</b>
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Fixed assets		
	(i) Tangible assets	1135.11	1,136.63
	(b) Non-current investments	276.87	257.06
	(c) Long-term loans and advances	12.33	9.59
	(d) Other non-current assets	13.84	-
		1438.16	1,403.29
<b>2</b>	<b>Current assets</b>		
	(a) Current investments	190.81	97.34
	(b) Inventories	863.28	645.85
	(c) Trade receivables	1978.67	905.02
	(d) Cash and cash equivalents	99.97	50.13
	(e) Short-term loans and advances	650.75	691.68
	(f) Other current assets	3.86	0.60
		3787.35	2,390.62
	<b>TOTAL</b>	<b>5225.51</b>	<b>3793.91</b>
	See accompanying notes forming part of the financial statements		

In terms of our report attached.

**For Vijay Mehra & Co.**  
Chartered Accountants  
(Firm Registration No. 001051N)

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

Sd/-  
**(Amit Handa)**  
Partner  
Membership Number: 502400

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

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

Place : Amritsar  
Date : 05.09.2016

Sd/-  
(Pallavi Agarwal)  
**Company Secretary**

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





**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)**  
**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Rupees in Lakhs

Particulars		Note	As at 31 March, 2016	As at 31 March, 2015
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
1	Revenue from operations (gross)	20	7587.21	5237.93
2	Other income	21	55.04	58.06
3	Total revenue (1+2)		7642.25	5295.99
4	Expenses			
	(a) Cost of materials consumed	22	5,742.73	3,749.94
	(b) Purchases of stock-in-trade		5.17	9.64
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	39.65	88.29
	(d) Employee benefits expense	24	255.20	202.25
	(e) Finance costs	25	119.20	102.52
	(f) Depreciation and amortisation expense	10	169.02	130.45
	(g) Other expenses	26	1003.39	825.82
	Total expenses		7334.36	5108.92
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		307.89	187.07
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		307.89	187.07
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 + 8)		307.89	187.07
10	Tax expense:			
	(a) Current tax expense		126.32	58.67
	(b) Deferred tax		(6.95)	(4.06)
11	Profit / (Loss) from continuing operations (9 + 10)		188.52	132.45
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
12	Profit / (Loss) from discontinuing operations		-	-
13	Profit / (Loss) for the year (11 + 12)		188.52	132.45
14	Earnings Per Share (of Rs. 10/- each)			
	(a) Basic		4.14	3.00
	(b) Diluted		4.14	3.00

In terms of our report attached.

**For Vijay Mehra & Co.**

Chartered Accountants

(Firm Registration No. 001051N)

Sd/-

**(Amit Handa)**

Partner

Membership Number: 502400

Place : Amritsar

Date : 05.09.2016

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

Sd/-

(Ramesh Arora)

**Managing Director**

DIN: 00462656

Sd/-

(Ajay Arora)

**Whole Time Director**

DIN: 00462664

Sd/-

(Pallavi Agarwal)

**Company Secretary**

Sd/-

(Aditya Arora)

**Director & Chief Financial Officer**



KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)				
Standalone Cash Flow Statement for the year ended 31st March 2016				
		Year ended 31st March 2016	Year ended 31st March 2015	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	<b>Net Profit Before Tax</b>	<b>307.89</b>		<b>187.07</b>
	Adjustments for:			
	Depreciation	169.02	130.45	
	(Profit)/loss on sale of Assets	36.36	(4.16)	
	Long-term Provision for Gratuity	2.69	-	
	Interest & Finance Charges	119.20	102.52	
	Interest on FDR	(7.79)	(3.77)	
	Interest on Investment and advances	(19.81)	(22.56)	
	Interest on Electricity Deposit	(0.60)	(0.53)	
		299.07		201.95
	<b>Operating Profit before Working Capital Changes</b>	<b>606.96</b>		<b>389.02</b>
	Adjustments for:			
	Decrease/(Increase) in Receivables	(1,073.64)	(229.64)	
	Decrease/(Increase) in Short Term Loans & advances	40.93	10.57	
	Decrease/(Increase) in Inventories	(217.43)	88.74	
	Decrease/(Increase) in Other Current Assets	(3.26)	0.20	
	Decrease/(Increase) in Current Investments	(93.47)	(39.74)	
	Increase/(Decrease) in Other current Liabilities	(7.50)	208.23	
	Increase/(Decrease) in Short Term Provisions	69.68	5.30	
	Increase/(Decrease) in Payables	548.11	(312.39)	
		(736.58)		(268.72)
	<b>Cash generated from operations</b>	<b>(129.62)</b>		<b>120.30</b>
	Less: Income Tax	126.32		58.67
	<b>Net Cash flow from Operating activities (A)</b>	<b>(255.94)</b>		<b>61.63</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase of Fixed Assets	(258.68)	(144.44)	
	Sale of Fixed Assets	12.37	8.30	
	Increase in Investment	(19.81)	(25.27)	
	Interest on Investment	19.81	22.56	
	Increase in long term Advances	(2.74)	-	
	Interest on Electricity Deposit	0.60	0.53	
	Interest on FDR	7.79	3.77	
	<b>Net Cash used in Investing activities (B)</b>	<b>(240.66)</b>		<b>(134.54)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Proceeds for call in arrears received	60.00	-	
	Securities Premium Received	144.00	-	
	Proceeds from Long term Borrowings	364.45	42.05	
	Proceeds from Short term Borrowings	965.22	253.36	
	Repayment of Long Term Borrowings	(191.14)	(93.96)	
	Repayment of Short Term Borrowings	(663.04)	-	
	Interest paid	(119.20)	(102.52)	
	Share Issue Expenses	(13.84)	-	
	<b>Net Cash from financing activities (C)</b>	<b>546.45</b>		<b>98.92</b>
	<b>Net increase in cash &amp; Cash Equivalents (A+B+C)</b>	<b>49.85</b>		<b>26.00</b>
	Opening Cash and Cash equivalents	50.13		24.13
	Closing Cash and Cash equivalents	99.97		50.13
	<b>Cash &amp; Cash Equivalents</b>		As on	As on
			31.03.2016	31.03.2015
	Cash in Hand		5.92	7.51
	Cash at Bank		94.05	42.62
	<b>Cash &amp; Cash equivalents as stated in Financial Statements</b>		<b>99.97</b>	<b>50.13</b>



KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1 SHARE CAPITAL

	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each with voting rights	8,000,000	800.00	6,000,000	600.00
<b>(b) Issued</b>				
Equity shares of Rs. 10 each with voting rights	5,008,099	500.81	5,008,099	500.81
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each with voting rights	5,008,099	500.81	3,808,099	380.81
<b>(d) Subscribed but not fully paid up</b>				
Equity shares of Rs. 10 each with voting rights, Rs. 5 not paid up	0	0.00	1,200,000	60.00
<b>Total</b>	<b>5,008,099</b>	<b>500.81</b>	<b>5,008,099</b>	<b>440.81</b>

### Note 2 RESERVES AND SURPLUS

	As at 31 March, 2016		As at 31 March, 2015	
<b>(a) Securities premium account</b>				
Opening balance	639.77		639.77	
Add : Premium on calls paid	144.00		-	
Closing balance		783.77		639.77
<b>(b) Investment Allowance Reserve</b>		0.21		0.21
<b>(c) Land &amp; Building Revaluation Reserve</b>		80.00		80.00
<b>(d) Capital Reserve</b>		8.00		8.00
<b>(e) Surplus / (Deficit) in Statement of Profit and Loss</b>				
Opening balance	800.72		668.26	
Add: Profit / (Loss) for the year	188.52		132.45	
Less Adjustment of prior period items due to restatement of previous year financial statements	(105.56)		-	
Closing balance	1,094.79	883.67	800.72	800.72
<b>Total</b>		<b>1,755.65</b>		<b>1,528.69</b>

### Note 3 LONG TERM BORROWINGS

	As at 31 March, 2016		As at 31 March, 2015	
<b>(a) Term loans</b>				
From Banks (Secured)		218.89		16.66
From other parties				
Secured	15.93		12.87	
Unsecured	18.24		50.23	
		34.17		63.10
<b>(b) For the current Maturities of Long Term debt refer Note Other Current Liabilities</b>				
<b>Total</b>		<b>253.06</b>		<b>79.76</b>

### Note 4 DEFERRED TAX LIABILITY

	As at 31 March, 2016		As at 31 March, 2015	
<b>Deferred tax Liability</b>				
Opening Balance of Deferred Tax Liability	3.53			
Add: Adjustment on account of restatement	48.45			
		51.98		7.59
Current Year Adjustment of deferred Tax Asset		(6.95)		(4.06)
<b>Net deferred tax (liability) / asset</b>		<b>45.03</b>		<b>3.53</b>

### Note 5 LONG TERM PROVISIONS

	As at 31 March, 2016		As at 31 March, 2015	
Provision for Gratuity		17.36		-
<b>Total</b>		<b>17.36</b>		<b>-</b>



#### Note 6 SHORT TERM BORROWINGS

	As at 31 March, 2016		As at 31 March, 2015	
Loans repayable on demand				
From Banks				
(a) Cash Credit Facility	294.37		388.41	
(b) Packing Credit Facility	670.84		274.63	
Loans from Banks are secured against Inventory, Book Debts and Collateral securities in Immovable Properties		965.21		663.04
<b>Total</b>		<b>965.21</b>		<b>663.04</b>

#### Note 7 TRADE PAYABLES

	As at 31 March, 2016		As at 31 March, 2015	
Trade payables:				
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		-		-
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		966.68		418.56
<b>Total</b>		<b>966.68</b>		<b>418.56</b>

#### Note 8 OTHER CURRENT LIABILITIES

	As at 31 March, 2016		As at 31 March, 2015	
(a) Current Maturities of Long-Term Debts		53.42		42.86
(b) Interest Accrued but not due on borrowings		1.29		-
(c) Other payables				
Statutory Remittances	6.43		9.85	
Security Deposits Received	4.50		4.50	
Credit balances in Directors Salary A/c	5.06		2.26	
Other Expenses Payable	22.72		22.71	
Advances from customers	500.62		519.34	
		539.33		558.67
<b>Total</b>		<b>594.04</b>		<b>601.52</b>

#### Note 9 SHORT TERM PROVISIONS

	As at 31 March, 2016		As at 31 March, 2015	
Provision for Gratuity		2.68		-
Provision for Taxation		125.00		58.00
<b>Total</b>		<b>127.68</b>		<b>58.00</b>

#### Note 11 NON CURRENT INVESTMENTS

	As at 31 March, 2016		As at 31 March, 2015	
Investment in equity instruments				
10 shares of Rs.100 eachfully paid of R.B.woollen Mills	0.01		0.01	
Gold Coins	2.88		2.88	
Investment in Subsidiary				
Kwality Pharmaceuticals Africa Lda (Mozambique)	273.98		254.17	
		276.87		257.06
<b>Total</b>		<b>276.87</b>		<b>257.06</b>

#### Note 12 LONG TERM LOANS AND ADVANCES

	As at 31 March, 2016		As at 31 March, 2015	
Security Deposits		12.33		9.59
<b>Total</b>		<b>12.33</b>		<b>9.59</b>

#### Note 13 OTHER NON CURRENT ASSETS

	As at 31 March, 2016		As at 31 March, 2015	
Unamortised Share Issue Expenses		13.84		-
<b>Total</b>		<b>13.84</b>		<b>-</b>

#### Note 14 CURRENT INVESTMENTS

	As at 31 March, 2016		As at 31 March, 2015	
Fixed Deposits including deposits towards Margin Money Against Guarantees		190.81		97.34
<b>Total</b>		<b>190.81</b>		<b>97.34</b>

#### Note 15 INVENTORIES

(As taken valued and certified by the Directors)

	As at 31 March, 2016		As at 31 March, 2015	
(a) Raw materials at cost		556.95		368.69
(b) Finished goods at cost or net realisable value which ever is lower		109.88		149.53
(c) Packing Material at Cost		196.45		127.63
<b>Total</b>		<b>863.28</b>		<b>645.85</b>





#### Note 16 TRADE RECEIVABLES

	As at 31 March,2016	As at 31 March,2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	187.29	212.47
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	187.29	212.47
Other Trade receivables		
Unsecured, considered good	1,791.38	692.55
Less: Provision for doubtful trade receivables	-	-
	1,791.38	692.55
<b>Total</b>	<b>1,978.67</b>	<b>905.02</b>

#### Note 17 CASH AND CASH EQUIVALENTS

	As at 31 March,2016	As at 31 March,2015
(a) Cash on hand	5.92	7.51
(b) Balances with banks		
(i) In current accounts	94.05	42.82
<b>Total</b>	<b>99.97</b>	<b>50.13</b>

#### Note 18 SHORT TERM LOANS AND ADVANCES

	As at 31 March,2016	As at 31 March,2015
(a) Security deposits	105.46	37.07
(b) Prepaid expenses	1.47	1.45
(c) Balances with government authorities	439.26	467.93
(d) Advances for supply of goods and services	104.56	185.23
<b>Total</b>	<b>650.75</b>	<b>691.68</b>

#### Note 19 OTHER CURRENT ASSETS

	As at 31 March,2016	As at 31 March,2015
Deferred Revenue Expenditure:		
(a) Share issue expenses	3.46	-
(b) Others	0.40	0.60
<b>Total</b>	<b>3.86</b>	<b>0.60</b>

#### Note 20 REVENUE FROM OPERATIONS

	As at 31 March,2016	As at 31 March,2015
<b>Sale of products</b>		
Domestic	2948.31	1242.70
Export Sales	3476.99	3266.84
Sales Deemed Export	1161.91	728.39
<b>Total</b>	<b>7587.21</b>	<b>5237.93</b>

#### Note 21 OTHER INCOME

	As at 31 March,2016	As at 31 March,2015
Interest on:		
Interest on FDR	7.79	3.77
Interest on loan Mozambique	19.81	18.96
Interest on Electricity	0.60	0.53
Interest received on advances	-	3.60
	28.20	26.86
D.E.P.B Income	16.71	20.87
Sales Promotion	3.91	-
Export Document Charges	3.78	-
Rebate and Discount	2.24	6.17
Gain on disposal of asset	-	4.16
Miscellaneous Income	0.20	-
<b>Total</b>	<b>55.04</b>	<b>58.06</b>



**Note 22 COST OF MATERIAL CONSUMED**

	As at 31 March, 2016		As at 31 March, 2015	
Opening stock Raw material and Packing material	496.32		496.77	
Add: Purchases Raw material and Packing material	6009.42		3749.49	
	6505.74		4246.26	
Less: Purchase return	9.61	6496.13	0.00	4246.26
Less: Closing stock Raw material and Packing material		753.40		496.32
<b>Total</b>		<b>5742.73</b>		<b>3749.94</b>

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

	As at 31 March, 2016		As at 31 March, 2015	
Opening stock Finished Goods	149.53		237.82	
Less: Closing stock of Finished Goods	109.88		149.53	
		39.65		88.29
<b>Total</b>		<b>39.65</b>		<b>88.29</b>

**Note 24 EMPLOYEE BENEFITS EXPENSE**

	As at 31 March, 2016		As at 31 March, 2015	
Salaries and wages		156.55		118.05
Directors Remuneration		50.20		45.20
Provision for gratuity		5.37		-
Contributions to provident and other funds		13.42		10.57
Staff welfare expenses		29.66		28.43
<b>Total</b>		<b>255.20</b>		<b>202.25</b>

**Note 25 FINANCE COSTS**

	As at 31 March, 2016		As at 31 March, 2015	
(a) Interest expense on:				
(i) Bank Borrowings		105.55		86.48
(ii) Interest on deposits		5.22		8.69
(iii) Interest & financial chgs on vehicle & other loans		7.14		7.35
(iv) Interest Accrued but not due on borrowings		1.29		-
<b>Total</b>		<b>119.20</b>		<b>102.52</b>

**Note 26 OTHER EXPENSES**

	As at 31 March, 2016		As at 31 March, 2015	
Accountancy Charges		0.99		-
Adjustment in foreign currency		0.90		3.08
Sitting Fees		0.14		-
Bank Rating Charges		1.01		1.07
Business promotion		2.71		2.37
Commission on Purchase		0.31		-
Communication		5.43		5.25
Consumption of stores and spare parts		6.08		5.84
Customs Duty Charges		14.86		8.45
Donations and contributions		0.97		0.66
Excise on Stock Transfer		60.78		18.93
Export Ocean Freight		52.58		96.25
Exports Agency Charges		4.63		4.33
Exports Clearing Charges		1.59		3.62
Factory Exp.		61.93		73.47
Fees and taxes		20.43		0.91
Freight and forwarding		237.14		277.69
Insurance		12.12		10.88
Inward expenses		2.28		2.32
Job Work of Label & Printing		6.58		5.18
Legal and professional		31.13		14.16
Loss on disposal of Assets		36.36		-
Management & Consultancy expenses		4.58		4.56
Miscellaneous expenses		0.84		1.95
Office Expenditure		7.14		2.04
Payments to auditors :				
As Auditors	1.82		1.71	
For other Services	2.78		1.61	
		4.60		3.32
Postage & Telegram		16.67		12.49
Power, Fuel, Gases & Electricity		229.73		179.67
Printing and stationery		1.00		1.08
Rent including lease rentals		2.74		1.54
Repairs and maintenance		74.23		11.93
Sales commission		30.12		21.47
Tender Expenses		3.09		3.47
Testing, Laboratory charges		64.18		40.97
Travelling and conveyance		3.52		6.86
<b>Total</b>		<b>1003.39</b>		<b>825.82</b>

For Vijay Mehra & Co.  
Chartered Accountants  
(Firm Registration No. 001051N)

Sd/-  
(Amit Handa)  
Partner  
Membership Number: 502400

Place : Amritsar  
Date : 05.09.2016

For and on behalf of the Board of Directors

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

Sd/-  
(Pallavi Agarwal)  
Company Secretary

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

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



**Note 10 FIXED ASSETS**

Description of Assets	Gross Block (At Cost)				Accumulated Depreciation				Net Block	
	As at 01.04.15	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.15 (Restated Adjusted)	Deductions during the year	For the year	As at 31.03.2016	As at 31.03.2016	As at 01.04.15
Plant & Machinery	990.62	98.82	202.50	886.95	<b>498.23</b>	168.26	76.72	406.69	480.25	507.50
Building	712.14	3.31	0.00	715.45	<b>290.32</b>	0.00	35.90	326.22	389.24	443.61
Furniture	19.72	1.60	0.00	21.32	<b>12.72</b>	0.00	1.89	14.61	6.71	7.24
Vehicles	225.10	88.52	34.05	279.57	<b>140.66</b>	21.70	30.39	149.35	130.22	88.36
Computer Equipment	53.40	14.61	0.00	68.01	40.87	0.00	11.29	52.16	15.85	13.01
Laboratory Equipment	67.91	49.59	12.66	104.83	<b>32.81</b>	10.52	10.63	32.92	71.91	36.04
Office Equipment	10.83	1.73	0.00	12.56	<b>8.42</b>	0.00	1.36	9.78	2.78	1.91
Lift A/c.	5.17	0.00	0.00	5.17	<b>4.61</b>	0.00	0.18	4.79	0.38	0.79
Land and Property	35.48	0.00	0.00	35.48	0.00	0.00	0.00	0.00	35.48	35.48
Electric Fittings	10.95	0.50	0.00	11.44	<b>8.49</b>	0.00	0.66	9.15	2.29	2.69
<b>Total</b>	<b>2131.31</b>	<b>258.68</b>	<b>249.21</b>	<b>2140.78</b>	<b>1037.13</b>	<b>200.49</b>	<b>169.02</b>	<b>1005.67</b>	<b>1135.11</b>	<b>1136.63</b>
Previous Year Figures	2000.19	144.44	4.14	2131.31	873.42	0.00	130.45	1003.86	1136.63	1126.77



# M/S KWALITY PHARMACEUTICALS LIMITED

(erstwhile M/s Kwalita Pharmaceuticals Private Limited)

## NOTES & DISCLOSURES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

For the year ended 31st March, 2016

### 27. DISCLOSURES RELATING TO SHARE CAPITAL

Reference: **Note 1** of the Standalone Financial Statements in relation to "**Share Capital**"

**i) Rights, Preferences and Restrictions attached to Equity Shares**

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

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

Name of Shareholder	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	No. of Equity Shares held	% Holding	No. of Equity Shares held	% Holding
Ramesh Arora	1483008	29.61%	1483008	29.61%
Ajay Arora	697814	13.93%	697814	13.93%
Situs Promoters Pvt. Ltd.	1200000	23.96%	1200000	23.96%
Classic International Limited	255000	5.09%	255000	5.09%

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

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	No. of Equity Shares held	Amount in Rupees	No. of Equity Shares held	Amount in Rupees
Opening Balance	5008099	4,40,80,990	5008099	4,40,80,990
Add: Unpaid Calls received during the year	1200000	60,00,000		
Less: Shares forfeited during the year				
Closing Balance	5008099	5,00,80,990	5008099	4,40,80,990

**iv) During the year ended 31<sup>st</sup> March, 2016, the Company has received unpaid call of Rs. 5 per share on 12,00,000 equity shares amounting to Rs. 60 Lakhs. The share premium at**



the rate of Rs. 12 per share was received on the aforementioned shares, amounting to Rs. 144.00 Lakhs.

## **28. PRIOR PERIOD ITEMS AND THEIR IMPACT ON RESERVES AND SURPLUS**

Reference: **Note 2** of the Standalone Financial Statements in relation to **“Reserves and Surplus”**

Previous year financial statements have been restated to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the SEBI Guidelines”) issued by SEBI and Guidance note on Reports in Companies Prospectus (Revised). In order to give the impact of the aforementioned restatements in the current year standalone financial statements, net effect of changes in fixed assets, deferred tax and provision for gratuity due to restatement has been given in the Reserves and Surplus Account, thereby reducing the balance of Reserves and Surplus Account by 105.56 Lakhs in the current period financial statements.

## **29. TERMS OF BORROWINGS AND NATURE OF SECURITIES**

Reference: **Note 3** and **Note 6** of the Standalone Financial Statements in relation to **“Long Term Borrowings”** and **“Short Term Borrowings”** respectively

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

<b><u>S.No.</u></b>	<b><u>Nature of Security</u></b>	<b><u>Terms of Repayment</u></b>
1.	Innova Car	The loan is repayable in 60 instalments of Rs. 20,260/- each starting from April 2011
2.	I 20 Car	The loan is repayable in 60 instalments of Rs. 15,700/- each starting from June 2015
3.	Truck	The loan is repayable in 60 instalments of Rs. 18,575/- each starting from June 2013
4.	Truck	The loan is repayable in 60 instalments of Rs. 26,080/- each starting from June 2013
5.	Swift Car	The loan is repayable in 36 instalments of Rs. 17,830/- each starting from June 2014
6.	Fortuner Car	The loan is repayable in 60 instalments of Rs. 40,800/- each starting from November 2014
7.	Chevrolet Cruze Car	The loan is repayable in 60 instalments of Rs. 28,992/- each starting from December 2015
8.	Machinery	The loan is repayable in 60 instalments of Rs. 2,32,880/- each starting from November 2015
9.	Sumo Car	The loan is repayable in 48 instalments of Rs. 10,535/- each starting from January 2013
10.	Tata Truck	The loan is repayable in 47 instalments of Rs. 19,146/- each starting from October 2012
11.	Polo Car	The loan is repayable in 60 instalments of Rs. 9,210/- each starting



		from May 2012
12.	Machinery	The loan is repayable in 24 instalments of Rs. 51,484/- each starting from November 2015
13.	Jaguar	The loan is repayable in 60 instalments of Rs. 1,17,010/- each starting from April 2016

Vehicle Loans are secured by hypothecation of vehicles in favor of the Bank. Similarly, machinery term loans are secured by hypothecation of machinery in favor of the Bank.

Cash Credit, Term Loan, Preshipment, Post Shipment, FLC, PSL, PCFC and BG are secured by hypothecation of all types of stocks and other material at factory/godown or at other places as approved by the bank from time to time including goods in transit and receivables, i.e. stock and book debts; hypothecation of plant and machinery and FDR margin.

All the Loans and Advances from the bank, including Working Capital limits and other credit facilities from the Bank are collaterally secured by equitable mortgage of the following properties:

- i) Industrial Property bearing killa no. 152/5 (6-17), 152 (8-0), Khewat Khatoni No. 368/435, 581/761, Rakba 14K, 17M situated at Nag Kalan Amritsar, owned by Mr. Ramesh Arora and Mr. Ajay Arora, directors of the Company.
- ii) Industrial Property at Noorpur, Himachal Pradesh, owned by the Company in its name.

### **30. RECLASSIFICATION OF LIABILITIES INTO CURRENT AND NON-CURRENT**

Reference: **Note 3**, **Note 8** and **Note 25** of the Standalone Financial Statements in relation to **“Long Term Borrowings”**, **“Other Current Liabilities”** and **“Finance Costs”** respectively

Repayment of long term borrowings that are due within a year have been reclassified as current maturities of the long term borrowings, depicted under the head Other Current Liabilities in order to facilitate fair comparison between previous year and current year figures. Interest accrued but not due on long term borrowings has been shown in Finance Costs and depicted under the head “Other Current Liabilities” in the Balance Sheet.

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

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

The timing difference mainly relates to difference in depreciation rates & methods as per Companies Act, 2013 and Income Tax Act, 1961, as well as provision for gratuity, not allowable as deduction under the Income Tax Act, 1961 resulting in deferred tax asset as per Accounting Standard 22 on “Accounting for Taxes on Income” for the year 2015-16.

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





Component	DTA/(DTL) as on 31.03.2015	DTA/(DTL) for the year 2015-16	DTA/(DTL) as on 31.03.2016
Opening balance of Deferred Tax Liability, as restated	(51.98)		
Difference between depreciation as per books of accounts and Income Tax Act, 1961		5.17	
Provision for gratuity disallowable u/s 43B of the Income Tax Act 1961		1.78	
Closing Balance of Deferred Tax Liability			(45.03)

Balance of Deferred Tax Liability as on March 31<sup>st</sup>, 2015 as per the audited financial statements for the financial year 2014-2015 was Rs. 3.53 Lakhs, which was restated to Rs. 51.98 Lakhs on account of difference between restated WDV of fixed assets as on March 31<sup>st</sup>, 2015 and audited WDV balance of fixed assets. Appropriate treatment has been given in order to incorporate the aforementioned prior period items in the Financial Statements for the year ended March 31<sup>st</sup>, 2016 through Reserves and Surplus head in the Balance Sheet for the year ended March 31<sup>st</sup>, 2016.

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

Reference: **Note 5** and **Note 24** of the Standalone Financial Statements in relation to **“Long Term Provisions”** and **“Employee Benefit Expenses”**

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

	Year ended 31 <sup>st</sup> March 2016 (in Rs.)	Year ended 31 <sup>st</sup> March 2015 (in Rs.)
Contribution to Provident Fund	10,08,950/-	7,81,693/-
Contribution to Employee State Insurance Scheme	3,32,916/-	2,74,960/-
Provision for Gratuity	5,37,000/-	Nil

Provision for gratuity for the year ended March 31<sup>st</sup>, 2016 has been prepared on the basis of actuarial valuation report for calculation of gratuity for the period ending December 31<sup>st</sup>, 2015. Financial Statements for the year ended March 31<sup>st</sup>, 2016 have also been restated in order to incorporate prior period provision for gratuity for earlier years and appropriate accounting treatment for the same has been done under the Reserves and Surplus head in the Balance Sheet.

### **33. TRADE PAYABLES AND MICRO AND SMALL ENTERPRISES' DUES**

Reference: **Note 7** of the Standalone Financial Statements in relation to **“Trade Payables”**

Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. There are no cases of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development, 2006. Outstanding Trade Payables as on March 31<sup>st</sup>, 2016 are Rs. 966.68 Lakhs and March 31<sup>st</sup>, 2015 are Rs. 418.56 Lakhs.





### **34. SHORT-TERM PROVISIONS**

Reference: **Note 9** of the Standalone Financial Statements in relation to **“Short-term Provisions”**

As per the best estimates and projections of the management, provision for income tax amounting to Rs. 125.00 Lakhs (Previous Year Rs. 58.00 Lakhs) has been made as per Accounting Standard 29 on “Provisions, Contingent Liabilities and Contingent Assets.” Another short-term provision for gratuity amounting to Rs. 2.68 Lakhs (Previous Year Rs. Nil) has also been made during the year in respect of the present obligation as a result of past event that could lead to probable outflow of resources, which would be required to settle the obligation. However, the advance tax and TDS as per books of accounts aggregates to Rs. 110.48 Lakhs.

### **35. INVESTMENT IN FOREIGN SUBSIDIARY**

Reference: **Note 11** and **Note 21** of the Standalone Financial Statements in relation to **“Non-Current Investments”**

The Company has a foreign subsidiary in which the company holds 51% of share capital. The subsidiary Company named Kwalita Pharmaceuticals Africa Limitada incorporated on 20.9.2013 under the laws of Africa have identification number as 100428873. The registered office of the Company is located at Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa. The company has invested in the share capital and granted loans to the foreign subsidiary. The subsidiary is incorporated with the intention of import export and marketing of pharmaceutical products of the company.

During the year, pharmaceutical products amounting to Rs. 176.00 Lakhs have been exported by the company to its foreign subsidiary in Mozambique. Further, interest on loan given to the subsidiary amounting to Rs. 19.81 Lakhs has been accrued and depicted under the head Other Income in the Statement of Profit & Loss.

### **36. TANGIBLE ASSETS AND DEPRECIATION**

Reference: **Note 10** and **Note 26** of the Standalone Financial Statements in relation to **“Tangible Assets”, “Depreciation and Amortization Expenses”** as well as **“Other Expenses”** respectively

Depreciation on fixed assets is calculated on written down value basis using the rates arrived at based on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 for the year ended on March 31, 2016. Tangible Assets for the year ended 31<sup>st</sup> March 2016 have been restated downward to the extent of 42.44 Lakhs in order to comply with the relevant provisions of Companies Act and SEBI (ICDR) Regulations. Relevant adjustment has also been made under the heads “Reserves and Surplus” and “Deferred Tax Liabilities” in the Balance Sheet.

Certain Laboratory Equipments, Plant & Machinery and Vehicles were sold by the Company during the year, after incurring net loss on sale of fixed assets amounting to Rs. 36.36 Lakhs, being depicted under the head “Other Expenses” in Statement of Profit & Loss.



### **37. RECLASSIFICATION OF ASSETS INTO CURRENT AND NON-CURRENT**

Reference: **Note 11**, **Note 12**, **Note 14** and **Note 18** of the Standalone Financial Statements in relation to **“Non-Current Investments”**, **“Long Term Loans and Advances”**, **“Current Investments”** and **“Short Term Loans and Advances”** respectively

CDRs amounting to Rs. 7.20 Lakhs, depicted under the head Non-Current Investments in the preceding year have been regrouped under the head Current Investments during the current year standalone financial statements in order to facilitate fair comparison between previous year and current year figures. Security Deposits have also been reclassified into current and non-current assets based upon current & non-current classification as required by Schedule III of the Companies Act, 2013

### **38. SHARE ISSUE EXPENSES**

Reference: **Note 13** and **Note 19** of the Standalone Financial Statements in relation to **“Other Non-Current Assets”** and **“Other Current Assets”**

The Company has incurred share issue expenses amounting to Rs. 17.30 Lakhs during the year for the purpose of bringing an Initial Public Offer in the stock market. Expenses incurred during the year in connection with issue of shares is accumulated and amortized over a period of five years from the year of issue of shares. As the shares have been issued during the year 2016-17, the same has not been expensed for during the current financial year. Share issue expenses to be amortized in the next year have been depicted under the head “Other Current Assets” and balance amount has been shown under the head “Non-Current Assets”

### **39. TRADE RECEIVABLES**

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

Outstanding Trade Receivables as on March 31<sup>st</sup>, 2016 i.e. Rs. 1978.66 Lakhs and March 31<sup>st</sup>, 2015 i.e. Rs. 905.02 Lakhs do include Trade Receivables in foreign currency to such extent as depicted as under:

CURRENCY	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March, 2015	
	Foreign Currency (in USD)	Amount in Rs. In Lakhs	Foreign Currency	Amount in Rs. In Lakhs
Amount Receivable in Foreign Currency	1029721.66	682.55	1231463.34	767.37

As at the year end, the aforementioned trade receivables have not been hedged by a derivative instrument or otherwise. The closing rate of exchange has been taken for the conversion purposes for both the years.

### **40. COST OF MATERIALS CONSUMED**



Reference: **Note 22** of the Standalone Financial Statements in relation to **“Cost of Materials Consumed”**

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

Particulars	As at 31 <sup>st</sup> March 2016		As at 31 <sup>st</sup> March 2015	
	% Consumption	Rs. In Lakhs	% Consumption	Rs. In Lakhs
<b>Imported and Indigenous</b>				
Imported	4.79	275.20	4.61	174.95
Indigenous	95.21	5467.53	95.33	3574.99
<b>TOTAL</b>	<b>100.00</b>	<b>5742.73</b>	<b>100.00</b>	<b>3749.94</b>

#### **41. EXCHANGE GAIN/(LOSS)**

Reference: **Note 26** of the Standalone Financial Statements in relation to **“Other Expenses”**

The net exchange gain/(loss) included under Revenue from Operations, Other income, Cost of Materials consumed and other expenses in the Statement of Profit and Loss Account aggregates to Rs. 89,693.66/- [Previous Year (Rs. 3,08,181.46/-)].

#### **42. CONTINGENT LIABILITIES AND PENDING LITIGATIONS**

##### **❖ Contingent Liabilities**

Particulars	As at 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	As at 31 <sup>st</sup> March 2015 (Rs. In Lakhs)
<b>i Contingent Liabilities</b>		
a) Corporate Guarantee given on behalf of related parties	Nil	Nil
b) Disputed Demands by Income Tax Authorities	133.54	145.33
c) Guarantees given by bankers against Government tenders	114.82	Nil

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

##### **❖ Pending Litigations**

The Company has certain pending litigations against it with respect to marketing and quality of its products. The litigations are pending in various forums. As per management representation, the financial impact of these litigations cannot be ascertained.





### **43. SIGNIFICANT ACCOUNTING POLICIES**

#### **CORPORATE INFORMATION**

THE COMPANY WAS INCORPORATED AS A PRIVATE LIMITED COMPANY ON 04/05/1983 UNDER THE COMPANIES ACT, 1956, IN THE STATE OF PUNJAB AT AMRITSAR. THE COMPANY WAS THEN CONVERTED INTO PUBLIC LIMITED COMPANY ON 28/12/2015, SUBSEQUENTLY NAME CHANGED TO KWALITI PHARMACEUTICALS LIMITED WITH CIN NO.U24232PB1983PLC005426. THE COMPANY IS ENGAGED IN THE BUSINESS OF MANUFACTURERS, BUYERS AND SELLERS OF AND DEALERS IN ALL KINDS OF DRUGS INTERMEDIATES, CHEMICALS, EXTRACTS, ALKALOIDS AND OTHER PHARMACEUTICAL GOODS, TOILET REQUISITES, MEDICINES, BEVERAGES AND OTHER MEDICAL PREPARATIONS.

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

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

#### **ii) Use of Estimates:**

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

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

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



**iv) Fixed Assets and Depreciation:**

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

Depreciation on fixed assets is calculated on written down value basis using the rates arrived at based on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 for the year ended on March 31, 2016.

**v) Leases:**

The Company's Registered Office and Manufacturing unit is situated at Village Nagkalan, Majitha Road, Amritsar, Punjab, is on leased premises. The same premises is owned by Mr. Ramesh Arora Mr. Ajay Arora, Promoters of the Company and the lease is for initial period of 49 years. Similarly, another manufacturing unit is situated at Plot No. 1-A, industrial Area Raja KaBagh, Tehsil Nurpur, District Kangra, Jassur, Himachal Pradesh is on also on leased premises. The same premises is owned by Government of Himachal Pradesh and the lease is for initial period of 95 years. Lease Rentals are for the assets taken on lease paid to the lessors are recognized as expense in the Statement of Profit and Loss.

**vi) Revenue Recognition:**

Sale of traded goods/material is recognized as revenue when significant risk and rewards of ownership relating to the goods are transferred to the buyer.

**vii) Inventories:**

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

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

**viii) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior





accounting period is reversed if there has been a change in the estimate of recoverable amount. However, no such instance is present in the financial statements for the year ended 31 March, 2016.

**ix) Research and Development Cost:**

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

**x) Investments:**

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

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

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

**xii) Government Grants and Subsidies:**

Government grants are accounted when there is reasonable assurance that the Company will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

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

Tax expenses comprises of Current tax and Deferred tax. Current Tax provision, if any, has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income that originate in one period and are capable of being reversed in one or more subsequent period is accounted for using the tax rates and laws that are enacted





or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed capital expenditure or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date.

**xiv) Employee Benefits:**

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

**xv) Contingent Liabilities / Provisions:**

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

**xvi) Revaluation of Assets:**

The company assesses at each balance sheet date whether there is any indication due to external factors that an asset or group of assets comprising a cash generating unit (CGU) may be revalued. If any such indication exists, then the revaluation of the value of assets is done by certified valuer. If such recoverable amount of the asset or the recoverable amount of the CGU, to which the asset belongs is more than the carrying amount of the asset or the CGU as the case may be, the carrying amount is increased to its recoverable amount and the addition is treated as addition in the value of asset and is recognized in the Revaluation reserve under Reserves and Surplus. If at any subsequent balance sheet date, there is an indication that a previously assessed revaluation no longer exists, the recoverable amount is re assessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

**xvii) Earnings Per Share:**

Basic earnings per share is computed by dividing the net profit for the year after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, profit after tax for the year and weighted average number of shares



outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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

Particulars	Year ended 31 <sup>st</sup> March 2016 ( Rs. In Lakhs)	Year Ended 31 <sup>st</sup> March 2015 ( Rs. In Lakhs)
<b>Income</b>		
Export Sales	3476.99	3266.84
<b>Expenditure</b>		
Capital Goods	33.73	12.44
Raw Materials	295.93	178.82

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

Name	Relationship	Nature of Transactions	Amount of Transactions for the year 2015-16 (Rs. In Lakhs)	Amount of Transactions for the year 2014-15 (Rs. In Lakhs)
Ajay Arora	Director	Remuneration	19.25	18.00
		Rent	1.055	0.48
Anju Arora	Director	Remuneration	4.80	4.80
Anu Mehra	Sister in law of Director	Interest	0.02	0.03
Arti Bajaj	Sister in law of Director	Interest	0.03	0.03
Geeta Arora	Director	Remuneration	4.80	4.80
Jugal Kishore HUF	Relative of director	Interest	0.13	0.12
Pooja Kapoor	Relative of director	Interest	0.02	0.02
		Repayment of Loan	0.23	-
Ramesh Arora	Director	Remuneration	19.25	18.00
		Rent	1.105	0.48
Aditya Arora	Director	Remuneration	2.10	-



Sachin Arora	Relative of director	Interest	-	0.01
Sachin Seth	Brother in Law of Director	Commission	1.00	1.00
Tarun Mehra	Relative of director	Interest	-	0.01
Kwality Pharmaceuticals Africa Lda	Subsidiary	Loan Given	-	6.30
		Interest Accrued	19.81	18.96
		Sale of Products	176.00	-

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

	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
Profit used as numerator for calculating EPS	188.52	132.42
Weighted Average Number of shares used in computing basic and diluted earnings per share	45.58	44.08
Nominal/Face Value per share	10	10
Basic and Diluted Earnings per share	4.14	3.00

For M/s Vijay Mehra & Co.  
Chartered Accountants  
(Firm Registration No. 001051N)

For and on behalf of the Board of Directors

Sd/-  
(Amit Handa)  
Partner  
Membership Number: 502400

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

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

Sd/-  
(Pallavi Agarwal)  
Company Secretary

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

Place : Amritsar  
Date : 05.09.2016



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

To

The Members of  
Kwalita Pharmaceuticals Limited

### **Report on the Consolidated Financial Statements**

We have examined the accompanying consolidated financial statements of KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwalita Pharmaceuticals Private Limited) (hereinafter referred to as "the Holding Company") and its foreign subsidiary (the Holding Company and its foreign subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated financial statements in terms of the requirement of the Companies Act, 2013 (hereinafter referred to as "The Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.





We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### **Other Matter**

We did not audit the financial statements of the foreign subsidiary, KWALITY PHARMACEUTICALS AFRICA LIMITADA, whose financial statements reflect total assets of Rs. 382.24 Lakhs as at 31st March, 2016 and total revenues of Rs. 7.46 Lakhs for the year ended on that date, as considered in the consolidated financial statements. As per the written representations received from the management, these financial statements have been audited in accordance with the laws laid down in Mozambique, where the registered office of the foreign subsidiary is situated. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the financial statements of the subsidiary provided to us by the Management.

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

### **Report on Other Legal and Regulatory Requirements**

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





- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books.
- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company none of the directors of the company is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, refer to our Separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group. Refer Notes to Accounts of the Consolidated Financial Statements in case of Contingent Liabilities.
- ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its foreign subsidiary.

**For Vijay Mehra & Co.**  
**Chartered Accountants**  
**Firm Registration no. 001051N**

**Sd/-**  
**CA Amit Handa**  
**Partner**  
**Membership No. 502400**  
**Place: Amritsar**  
**Date: 05.09.2016**



## **“Annexure A” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under “Report on other legal and regulatory requirements” of our report of even date)

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

We have audited the Internal Financial Control over financial reporting of KWALITY PHARMACEUTICALS LIMITED (“the Holding Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company and its subsidiary company incorporated outside India as of that date, of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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





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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For Vijay Mehra & Co.**  
**Chartered Accountants**  
**Firm Registration no. 001051N**

**Sd/-**  
**CA Amit Handa**  
**Partner**  
**Membership No. 502400**  
**Place: Amritsar**  
**Date: 05.09.2016**

**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016**

Rupees in Lakhs

Particulars		Note	As at 31 March,2016		As at 31 March,2015	
<b>A</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholders' funds</b>					
	(a) Share capital	1	500.81		440.81	
	(b) Reserves and surplus	2	1,674.74		1,480.91	
				2,175.55		1,921.72
<b>2</b>	<b>Minority Interest in Subsidiary</b>			(41.23)		(14.04)
<b>3</b>	<b>Non-current liabilities</b>					
	(a) Long-term borrowings	3	269.68		79.76	
	(b) Deferred tax liabilities (net)	4	45.03		3.53	
	(c) Other long-term liabilities		-		-	
	(d) Long-term provisions	5	17.36		-	
				332.07		83.29
<b>4</b>	<b>Current liabilities</b>					
	(a) Short-term borrowings	6	965.21		663.04	
	(b) Trade payables	7	966.68		418.56	
	(c) Other current liabilities	8	594.04		601.52	
	(d) Short-term provisions	9	127.68		58.00	
				2,653.60		1,741.12
	<b>TOTAL</b>			<b>5,119.99</b>		<b>3,732.09</b>
<b>B</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
	(a) Fixed assets					
	(i) Tangible assets	10	1,272.34		1,273.86	
	<b>(b) Non-current investments</b>	11	2.89		2.89	
	(c) Long-term loans and advances	12	12.33		9.59	
	(d) Other non-current assets	13	13.84		-	
				1,301.40		1,286.34
<b>2</b>	<b>Current assets</b>					
	(a) Current investments	14	190.81		97.34	
	(b) Inventories	15	1,034.57		645.85	
	(c) Trade receivables	16	1,802.66		905.03	
	(d) Cash and cash equivalents	17	134.52		103.25	
	(e) Short-term loans and advances	18	651.40		692.52	
	(f) Other current assets	19	4.63		1.76	
				3818.58		2,445.75
	<b>TOTAL</b>			<b>5119.99</b>		<b>3732.09</b>
	<b>See accompanying notes forming part of the financial statements</b>					

In terms of our report attached.

**For Vijay Mehra & Co.**  
Chartered Accountants  
**(Firm Registration No. 001051N)**

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

Sd/-  
**(Amit Handa)**  
**Partner**  
Membership Number: 502400

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

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

Sd/-  
(Pallavi Aggarwal)  
**Company Secretary**

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

Place : Amritsar  
Date : 05.09.2016



**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwalita Pharmaceuticals Private Limited)**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Rupees in Lakhs

Particulars	Note	As at 31 March, 2016	As at 31 March, 2015
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	20	7417.49	5237.93
2 Other income	21	36.40	41.86
3 Total revenue (1+2)		<u>7453.90</u>	<u>5279.79</u>
4 Expenses			
(a) Cost of materials consumed	22	5742.73	3749.94
(b) Purchases of stock-in-trade		5.17	9.64
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(131.64)	88.29
(d) Employee benefits expense	24	266.39	205.68
(e) Finance costs	25	119.20	102.52
(f) Depreciation and amortisation expense	10	169.02	130.45
(g) Other expenses	26	1035.46	858.49
Total expenses		<u>7206.33</u>	<u>5145.02</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		247.57	134.77
6 Exceptional items		-	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		<u>247.57</u>	<u>134.77</u>
8 Extraordinary items		-	-
9 Profit / (Loss) before tax (7 + 8)		247.57	134.77
10 Tax expense:			
(a) Current tax expense		126.32	58.67
(b) Deferred tax		(6.95)	(4.06)
11 Profit / (Loss) from continuing operations (9 + 10)		128.19	80.16
<b>B DISCONTINUING OPERATIONS</b>			
12 Profit / (Loss) from discontinuing operations		0.00	0.00
13 Profit / (Loss) for the year (11 + 12)		<u>128.19</u>	<u>80.16</u>
14 Add/ ( Less) Minority Interest in Subsidiary Profits		27.20	11.49
Profit / (Loss) for the year (11 + 12)		<u>155.39</u>	<u>91.65</u>

In terms of our report attached.

**For Vijay Mehra & Co.**  
Chartered Accountants  
(Firm Registration No. 001051N)

Sd/-  
**(Amit Handa)**  
Partner  
Membership Number: 502400

Place : Amritsar  
Date : 05.09.2016

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

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

Sd/-  
(Pallavi Agarwal)  
**Company Secretary**

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

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





**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwaliti Pharmaceuticals Private Limited)**

**Consolidated Cash Flow Statement for the year ended 31st March 2016**

		Year ended 31st March 2016	Year ended 31st March 2015
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit Before Tax	247.57	134.77
	Adjustments for:		
	Depreciation	169.02	130.45
	(Profit)/loss on sale of Assets	36.36	(4.16)
	Provision for Gratuity	2.69	-
	Interest & Finance Charges	119.20	102.52
	Interest on FDR	(1.17)	(6.52)
	Interest on Electricity Deposit	(0.60)	(0.53)
		325.50	221.76
	<b>Operating Profit before Working Capital Changes</b>	<b>573.06</b>	<b>356.53</b>
	Adjustments for:		
	Decrease/(Increase) in Receivables	(897.64)	(229.64)
	Decrease/(Increase) in Short Term Loans & advances	41.12	30.35
	Decrease/(Increase) in Inventories	(388.72)	88.74
	Decrease/(Increase) in Other Current Assets	(2.87)	0.20
	Decrease/(Increase) in Current Investments	(93.47)	18.63
	Increase/(Decrease) in Other current Liabilities	(7.50)	208.23
	Increase/(Decrease) in Short Term Provisions	69.68	5.30
	Increase/(Decrease) in Payables	548.12	(310.88)
	<b>Cash generated from operations</b>	<b>(158.22)</b>	<b>167.46</b>
	Less: Income Tax	126.32	58.67
	<b>Net Cash flow from Operating activities</b>	<b>(284.54)</b>	<b>108.79</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets	(258.68)	(144.44)
	Sale of Fixed Assets	12.37	8.30
	Increase in long term Advances	(2.74)	-
	Interest on Electricity Deposit	0.60	0.53
	Interest on FDR	1.17	6.52
	<b>Net Cash used in Investing activities</b>	<b>(247.28)</b>	<b>(129.09)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds for call in arrears received	60.00	-
	Securities Premium Received	144.00	-
	Proceeds from Long term Borrowings	381.06	42.05
	Proceeds from Short term Borrowings	965.25	253.39
	Repayment of Long Term Borrowings	(191.14)	(93.96)
	Repayment of Short Term Borrowings	(663.04)	-
	Interest paid	(119.20)	(102.52)
	Share Issue Expenses	(13.84)	-
	<b>Net Cash used in financing activities</b>	<b>563.09</b>	<b>98.95</b>
	Net increase in cash & Cash Equivalents	31.27	78.65
	Opening Cash and Cash equivalents	103.25	24.60
	<b>Closing Cash and Cash equivalents</b>	<b>134.52</b>	<b>103.25</b>
	<b>Cash &amp; Cash Equivalents</b>		
		As on	As on
		31.03.2016	31.03.2015
	Cash in Hand	8.47	8.54
	Cash at Bank	126.05	94.71
	<b>Cash &amp; Cash equivalents as stated in Financial Statements</b>	<b>134.52</b>	<b>103.25</b>



**KWALITY PHARMACEUTICALS LIMITED (erstwhile M/s Kwality Pharmaceuticals Private Limited)**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 1 SHARE CAPITAL**

	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	Rs. In Lakhs	Number of shares	Rs. In Lakhs
<b>(a) Authorised</b>				
Equity shares of Rs. 10 each with voting rights	8,000,000	800.00	6,000,000	600.00
<b>(b) Issued</b>				
Equity shares of Rs. 10 each with voting rights	5,008,099	500.81	5,008,099	500.81
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10 each with voting rights	5,008,099	500.81	3,808,099	380.81
<b>(d) Subscribed but not fully paid up</b>				
Equity shares of Rs. 10 each with voting rights, Rs. 5 not paid up	0	0.00	1,200,000	60.00
<b>Total</b>	<b>5,008,099</b>	<b>500.81</b>	<b>5,008,099</b>	<b>440.81</b>

**Note 2 RESERVES AND SURPLUS**

	As at 31 March, 2016		As at 31 March, 2015	
<b>(a) Securities premium account</b>				
Opening balance	639.77		639.77	
Add : Premium on calls paid	144.00		-	
Closing balance		783.77		639.77
<b>(b) Investment Allowance Reserve</b>		0.21		0.21
<b>(c) Land &amp; Building Revaluation Reserve</b>		80.00		80.00
<b>(d) Capital Reserve</b>		8.00		8.00
<b>(e) Surplus / (Deficit) in Statement of Profit and Loss</b>				
Opening balance	752.93		668.26	
Add: Profit / (Loss) for the year	155.39		91.65	
Less Adjustment of prior period items due to restatement of previous year financial statements	(105.56)		-	
Adjustment of Mozambique Reserves	-		(6.98)	
Closing balance	1,013.88	802.76	752.93	752.93
<b>Total</b>		<b>1,674.74</b>		<b>1,480.91</b>

**Note 3 LONG TERM BORROWINGS**

	As at 31 March, 2016		As at 31 March, 2015	
<b>(a) Term loans</b>				
From Banks (Secured)		218.89		16.66
From other parties				
Secured	15.93		12.87	
Loan in Mozambique	16.62			
Unsecured	18.24		50.23	
		50.79		63.10
<b>(b) For the current Maturities of Long Term debt refer Note Other Current Liabilities</b>				
<b>Total</b>		<b>269.68</b>		<b>79.76</b>

**Note 4 DEFERRED TAX LIABILITY**

	As at 31 March, 2016		As at 31 March, 2015	
<b>Deferred tax Liability</b>				
Opening Balance of Deferred Tax Liability	3.53			
Add: Adjustment on account of restatement	48.45			
		51.98		7.59
Current Year Adjustment of deferred Tax Asset		(6.95)		(4.06)
<b>Net deferred tax (liability) / asset</b>		<b>45.03</b>		<b>3.53</b>



<b>Note 5 LONG TERM PROVISIONS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Provision for Gratuity	17.36	-	
<b>Total</b>	<b>17.36</b>	<b>-</b>	
<b>Note 6 SHORT TERM BORROWINGS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Loans repayable on demand			
From Banks			
(a) Cash Credit Facility	294.37	388.41	
(b) Packing Credit Facility	670.84	274.63	
Loans from Banks are secured against Inventory, Book Debts and Collateral securities in Immovable Properties	965.21	663.04	
<b>Total</b>	<b>965.21</b>	<b>663.04</b>	
<b>Note 7 TRADE PAYABLES</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Trade payables:			
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	966.68	418.56	
<b>Total</b>	<b>966.68</b>	<b>418.56</b>	
<b>Note 8 OTHER CURRENT LIABILITIES</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
(a) Current Maturities of Long-Term Debts	53.42	42.86	
(b) Interest Accrued but not due on borrowings	1.29	-	
(c) Other payables			
Statutory Remittances	6.43	9.85	
Security Deposits Received	4.50	4.50	
Credit balances in Directors Salary A/c	5.06	2.26	
Other Expenses Payable	22.72	22.71	
Advances from customers	500.62	519.34	
	539.33	558.67	
<b>Total</b>	<b>594.04</b>	<b>601.52</b>	
<b>Note 9 SHORT TERM PROVISIONS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Provision for Gratuity	2.68	-	
Provision for Taxation	125.00	58.00	
<b>Total</b>	<b>127.68</b>	<b>58.00</b>	
<b>Note 11 NON CURRENT INVESTMENTS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Investment in equity instruments			
10 shares of Rs. 100 each fully paid of R.B.woollen Mills	0.01	0.01	
Gold Coins	2.88	2.88	
	2.89	2.89	
<b>Total</b>	<b>2.89</b>	<b>2.89</b>	
<b>Note 12 LONG TERM LOANS AND ADVANCES</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Security Deposits	12.33	9.59	
<b>Total</b>	<b>12.33</b>	<b>9.59</b>	
<b>Note 13 OTHER NON CURRENT ASSETS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Unamortised Share Issue Expenses	13.84	-	
<b>Total</b>	<b>13.84</b>	<b>-</b>	
<b>Note 14 CURRENT INVESTMENTS</b>			
	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Fixed Deposits including deposits towards Margin Money Against Guarantees	190.81	97.34	
<b>Total</b>	<b>190.81</b>	<b>97.34</b>	



<b>Note 15 INVENTORIES</b>			
(As taken valued and certified by the Directors)			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
(a) Raw materials at cost	558.95		368.69
(b) Finished goods at cost or net realisable value which ever is lower	281.17		149.53
(c) Packing Material at Cost	196.45		127.63
<b>Total</b>	<b>1034.57</b>		<b>645.85</b>
<b>Note 16 TRADE RECEIVABLES</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Secured, considered good	-		-
Unsecured, considered good	187.29		212.47
Doubtful	-		-
Less: Provision for doubtful trade receivables	-		-
	187.29		212.47
Other Trade receivables			
Unsecured, considered good	1,615.37		692.56
Less: Provision for doubtful trade receivables	-		-
	1,615.37		692.56
<b>Total</b>	<b>1,802.66</b>		<b>905.03</b>
<b>Note 17 CASH AND CASH EQUIVALENTS</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
(a) Cash on hand	5.92		7.51
(b) Balances with banks			
(i) In current accounts	94.05		42.62
(c) Balances in Mozambique			
Cash on Hand	2.55		1.02
Bank balance	32.00		1.10
Bank FDR	-		51.00
<b>Total</b>	<b>134.52</b>		<b>103.25</b>
<b>Note 18 SHORT TERM LOANS AND ADVANCES</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
(a) Security deposits	105.46		37.07
(b) Prepaid expenses	1.47		1.45
(c) Balances with government authorities	439.26		467.93
(d) Advances for supply of goods and services	104.56		185.23
(e) Mozambique Balances with government authorities	0.65		0.84
<b>Total</b>	<b>651.40</b>		<b>692.52</b>
<b>Note 19 OTHER CURRENT ASSETS</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
Deferred Revenue Expenditure:			
(a) Share Issue expenses	3.46		-
(b) Others	0.40		0.60
Mozambique Deferred Revenue Expense			
Preliminary expenses	0.77		1.16
<b>Total</b>	<b>4.63</b>		<b>1.76</b>
<b>Note 20 REVENUE FROM OPERATIONS</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
Sale of products			
Domestic	2948.31		1242.70
Export Sales	3300.98		3266.84
Sales Deemed Export	1161.91		728.39
Mozambique Sales	6.29		-
<b>Total</b>	<b>7417.49</b>		<b>5237.93</b>



<b>Note 21 OTHER INCOME</b>			
	<b>As at 31 March,2016</b>	<b>As at 31 March,2015</b>	
Interest on:			
Interest on FDR	7.79	3.77	
Interest from bank,Mozambique	1.17	2.75	
Interest on Electricity	0.60	0.53	
Interest received on advances	0.00	3.60	
	9.56		10.65
D.E.P.B Income	16.71		20.87
Sales Promotion	3.91		-
Export Document Charges	3.78		-
Rebate and Discount	2.24		6.17
Gain on disposal of asset	-		4.16
Miscellaneous Income	0.20		-
<b>Total</b>	<b>36.40</b>		<b>41.86</b>
<b>Note 22 COST OF MATERIAL CONSUMED</b>			
	<b>As at 31 March,2016</b>	<b>As at 31 March,2015</b>	
Opening stock Raw material and Packing material	496.32	496.77	
Add: Purchases Raw material and Packing material	6009.42	3749.49	
	6505.74	4246.26	
Less: Purchase return	9.61	6496.13	4246.26
Less: Closing stock Raw material and Packing material		753.40	496.32
<b>Total</b>	<b>5742.73</b>		<b>3749.94</b>
<b>Note 23 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>			
	<b>As at 31 March,2016</b>	<b>As at 31 March,2015</b>	
Opening stock Finished Goods	149.53	237.82	
Less: Closing stock of Finished Goods	281.17	149.53	
	(131.64)		88.29
<b>Total</b>	<b>(131.64)</b>		<b>88.29</b>
<b>Note 24 EMPLOYEE BENEFITS EXPENSE</b>			
	<b>As at 31 March,2016</b>	<b>As at 31 March,2015</b>	
Salaries and wages	156.55		118.05
Directors Remuneration	50.20		45.20
Provision for gratuity	5.37		-
Contributions to provident and other funds	13.42		10.57
Staff welfare expenses	29.66		28.43
<b>Mozambique Staff Expense:</b>			
Staff Salary	11.19		3.43
<b>Total</b>	<b>266.39</b>		<b>205.68</b>
<b>Note 25 FINANCE COSTS</b>			
	<b>As at 31 March,2016</b>	<b>As at 31 March,2015</b>	
(a) Interest expense on:			
(i) Bank Borrowings	105.55		86.48
(ii) Interest on deposits	5.22		8.69
(iii) Interest & financial chgs on vehicle & other loans	7.14		7.35
(iv) Interest Accrued but not due on borrowings	1.29		-
<b>Total</b>	<b>119.20</b>		<b>102.52</b>





<b>Note 25 FINANCE COSTS</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
(a) Interest expense on:			
(i) Bank Borrowings		105.55	86.48
(ii) Interest on deposits		5.22	8.69
(iii) Interest & financial chgs on vehicle & other loans		7.14	7.35
(iv) Interest Accrued but not due on borrowings		1.29	-
<b>Total</b>		<b>119.20</b>	<b>102.52</b>
<b>Note 26 OTHER EXPENSES</b>			
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>
Accountancy Charges		0.99	-
Adjustment in foreign currency		0.90	3.08
Sitting Fees		0.14	-
Bank Rating Charges		1.01	1.07
Business promotion		2.71	2.37
Commision on Purchase		0.31	0.00
Communication		5.43	5.25
Consumption of stores and spare parts		6.08	5.84
Customs Duty Charges		14.86	8.45
Donations and contributions		0.97	0.66
Excise on Stock Transfer		60.78	18.93
Export Ocean Freight		52.58	96.25
Exports Agency Charges		4.63	4.33
Exports Clearing Charges		1.59	3.62
Factory Exp.		61.93	73.47
Fees and taxes		20.43	0.91
Freight and forwarding		237.14	277.69
Insurance		12.12	10.88
Inward expenses		2.28	2.32
Job Work of Label & Printing		6.58	5.18
Legal and professional		31.13	14.16
Loss on disposal of Assets		36.36	-
Management & Consultancy expenses		4.58	4.56
Miscellaneous expenses		0.88	1.95
Office Expenditure		7.14	2.04
Payments to auditors :			
As Auditors	1.82		1.71
For other Services	2.78		1.61
		4.60	3.32
Postage & Telegram		16.66	12.49
Power, Fuel , Gases & Electricity		229.73	179.67
Printing and stationery		1.00	1.08
Rent including lease rentals		2.74	1.54
Repairs and maintenance		74.23	11.95
Sales commission		30.12	21.47
Tender Expenses		3.09	3.47
Testing, Laboratory charges		64.18	40.97
Travelling and conveyance		3.52	6.86
<b>Mozambique Subsidiary Expenditure:</b>			
Office Expenses		2.04	2.46
Travelling		0.40	0.58
Rent		4.55	0.77
Mozambique Foreign Currency translation difference		4.80	28.84
Professional fee		9.88	-
Fuel and electricity		0.91	-
Bank Charges		2.18	-
Fees and taxes		7.28	-
<b>Total</b>		<b>1035.46</b>	<b>858.49</b>

**For Vijay Mehra & Co.**  
Chartered Accountants  
(Firm Registration No. 001051N)

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

Sd/-  
(Amit Handa)  
Partner  
Membership Number: 502400

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

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

Place : Amritsar  
Date : 05.09.2016

Sd/-  
(Pallavi Agarwal)  
Company Secretary

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



**Note 10 FIXED ASSETS**

Description of Assets	Gross Block (At Cost)				Accumulated Depreciation			Net Block		
	As at 01.04.15	Additions during the year	Deductions during the year	As at 31.03.2016	As at 01.04.15 (Restated Adjusted)	Deductions during the year	For the year	As at 31.03.2016	As at 31.03.2016	As at 01.04.15
Plant & Machinery	990.62	98.82	202.50	886.95	<b>498.23</b>	168.26	76.72	406.69	480.25	507.50
Building	712.14	3.31	0.00	715.45	<b>290.32</b>	0.00	35.90	326.22	389.24	443.61
Furniture	19.72	1.60	0.00	21.32	<b>12.72</b>	0.00	1.89	14.61	6.71	7.24
Vehicles	225.10	88.52	34.05	279.57	<b>140.66</b>	21.70	30.39	149.35	130.22	88.36
Computer Equipment	53.40	14.61	0.00	68.01	<b>40.87</b>	0.00	11.29	52.16	15.85	13.01
Laboratory Equipment	67.91	49.59	12.68	104.83	<b>32.81</b>	10.52	10.63	32.92	71.91	36.04
Office Equipment	10.83	1.73	0.00	12.56	<b>8.42</b>	0.00	1.36	9.78	2.78	1.91
Lift A/c.	5.17	0.00	0.00	5.17	<b>4.61</b>	0.00	0.18	4.79	0.38	0.79
Land and Property	35.48	0.00	0.00	35.48	0.00	0.00	0.00	0.00	35.48	35.48
Property at Mozambique	137.23	0.00	0.00	137.23	0.00	0.00	0.00	0.00	137.23	137.23
Electric Fittings	10.95	0.50	0.00	11.44	<b>8.49</b>	0.00	0.66	9.15	2.29	2.69
<b>Total</b>	<b>2268.55</b>	<b>258.68</b>	<b>249.21</b>	<b>2278.01</b>	<b>1037.13</b>	<b>200.49</b>	<b>169.02</b>	<b>1005.67</b>	<b>1272.34</b>	<b>1273.86</b>
Previous Year Figures	2137.42	144.44	4.14	2268.54	873.42	0.00	130.45	1003.86	1273.86	1411.09



# M/S KWALITY PHARMACEUTICALS LIMITED

(erstwhile M/s Kwaliti Pharmaceuticals Private Limited)

## NOTES & DISCLOSURES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2016

### **1. Corporate Information**

Kwaliti Pharmaceuticals Limited is one of the leading manufacturers of pharmaceutical products. The Company has a foreign subsidiary in which the company holds 51% of share capital. The subsidiary Company named Kwaliti Pharmaceuticals Africa Limitada incorporated on 20.9.2013 under the laws of Africa have identification number as 100428873. The registered office of the Company is located at Mozambique, Maputo Cidade, Distrito Urbano 1, Bairro de Central, Africa. The company has invested in the share capital and granted loans to the foreign subsidiary. The subsidiary is incorporated with the intention of import export and marketing of pharmaceutical products of the company.

### **2. Shareholding Pattern of Subsidiary**

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

### **3. Board of Directors**

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

### **4. Significant Accounting Policies**

#### **i) a) Basis of accounting and preparation of financial statements**

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

#### **b) Use of Estimates**



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

## II) Principles of Consolidation:

The consolidated financial statements pertain to Kwalita Pharmaceuticals Limited ("the Company"/ "the Parent"/ "the Holding Company") and its subsidiary company. The financial statements of the subsidiary is drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March, 2016.

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

- a) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together, the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered in accordance with Accounting Standard-21 - "Consolidated Financial Statements".
- b) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.
- c) In case of foreign subsidiaries, being integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year except for the fixed assets which are consolidated at the historical rate. Any exchange difference arising on consolidation is recognized in Consolidated Statement of Profit & Loss.
- d) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:
  - i. The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
  - ii. The minority share of movements in equity since the date the parent subsidiary relationship came into existence.
- e) Minority Interest's share of net loss of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the Group.
- f) The list of subsidiary companies, joint ventures and associates which are included in the consolidation and the Group's holdings therein are as under:

S.No.	Name of Subsidiary	Ownership in % either directly or through subsidiaries		Country of Incorporation
		2015-2016	2014-2015	
1	Kwalita Pharmaceuticals Africa Limitada	51%	51%	Africa

## III) Accounting for Investments other than in Subsidiary

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





#### **IV) Other Accounting Policies**

##### **a) Fixed Assets (Tangible/ Intangible)**

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

##### **b) Impairment of Assets**

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

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

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

##### **c) Depreciation and amortisation**

In respect of Indian parent Company:

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

Depreciation on fixed assets is calculated on written down value basis using the rates arrived at based on the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 for the year ended on March 31, 2016.

##### **d) Borrowing Cost**

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



**e) Investments**

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

**f ) Inventories**

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

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

**g) Revenue Recognition**

Sale of traded goods/material is recognized as revenue when significant risk and rewards of ownership relating to the goods are transferred to the buyer.

**h) Foreign Currency Transactions/ Translation**

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

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

**i) Employee Benefits**

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

**j) Accounting for Tax**

Tax expenses comprises of Current tax and Deferred tax. Current Tax provision, if any, has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income that originate in one period and are capable of being reversed in one or more subsequent period is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed capital expenditure or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date.

**k) Leases**



The Holding Company's Registered Office and Manufacturing unit is situated at Village Nagkalan, Majitha Road, Amritsar, Punjab, is on leased premises. The same premises is owned by Mr. Ramesh Arora Mr. Ajay Arora, Promoters of the Company and the lease is for initial period of 49 years. Similarly, another manufacturing unit is situated at Plot No. 1-A, industrial Area Raja KaBagh, Tehsil Nurpur, District Kangra, Jassur, Himachal Pradesh is on also on leased premises. The same premises is owned by Government of Himachal Pradesh and the lease is for initial period of 95 years. Lease Rentals are for the assets taken on lease paid to the lessors are recognized as expense in the Statement of Profit and Loss.

#### **l) Government Grants and Subsidies**

Government grants are accounted when there is reasonable assurance that the Company will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

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

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

For M/s Vijay Mehra & Co.  
Chartered Accountants  
(Firm Registration No. 001051N)

Sd/-  
(Amit Handa)  
Partner  
Membership Number: 502400

Place : Amritsar  
Date : 05.09.2016

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

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

Sd/-  
(Pallavi Aggarwal)  
**Company Secretary**

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

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

**KWALITY PHARMACEUTICALS LIMITED**

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

CIN No. :- U24232PB1983PLC005426.; Phone no. :- 0183-2774321-25; Fax No.:-0183-2774477

Email Id:- ramesh@kwaliti-pharma.com; Website :- www.kwaliti-pharma.com

**Form No. MGT-11****Proxy form****[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

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

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

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

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

Name :	E-mail Id:
Address:	
Signature: _____	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the company, to be held on **Friday 30<sup>th</sup> September, 2016** at 11:00 A.M. at the Registered Office of the Company at **VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution(s)	Vote	
		For	Against
1.	To receive, consider and adopt the (i) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2016 together with Reports of the Board of Directors and Auditors thereon. (ii) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2016 and the Report of the Auditors thereon.		
2.	Re-appointment of Mr. Ramesh Arora, director who retires by Rotation and being eligible, offers himself for re-appointment.		
3.	Re-appointment of Mr. Ajay Arora, director who retires by Rotation and being eligible, offers himself for re-appointment.		
4.	To ratify the appointment of Statutory Auditors M/s Vijay Mehra & Co., Chartered Accountants & fixing their remuneration		
5.	To Appoint <b>Mr. Aditya Arora</b> as Director		
6.	To Appoint <b>Mr. Aditya Arora</b> as Whole Time Director		
7.	To appoint <b>Mr. Kiran Kumar Verma</b> as Independent Director		
8.	To appoint <b>Mr. Pankaj Takkar</b> as Independent Director		
9.	To appoint <b>Mr. Ravi Shanker Singh</b> as Independent Director		
10.	To ratify the remuneration of Cost Auditors		

Signed this \_\_\_\_ day of \_\_\_\_ 2016.

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder

across Revenue Stamp

**Note:**

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





## **KWALITY PHARMACEUTICALS LIMITED**

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

**CIN No. :- U24232PB1983PLC005426.; Phone no. :- 0183-2774321-25; Fax No.:-0183-2774477**

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

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### **ATTENDANCE SLIP**

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

**33<sup>rd</sup> Annual General Meeting to be held on Friday, September 30, 2016.**

Name and Address of the Sole/ First member \_\_\_\_\_  
(In block capitals)

DP ID No.:-

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

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

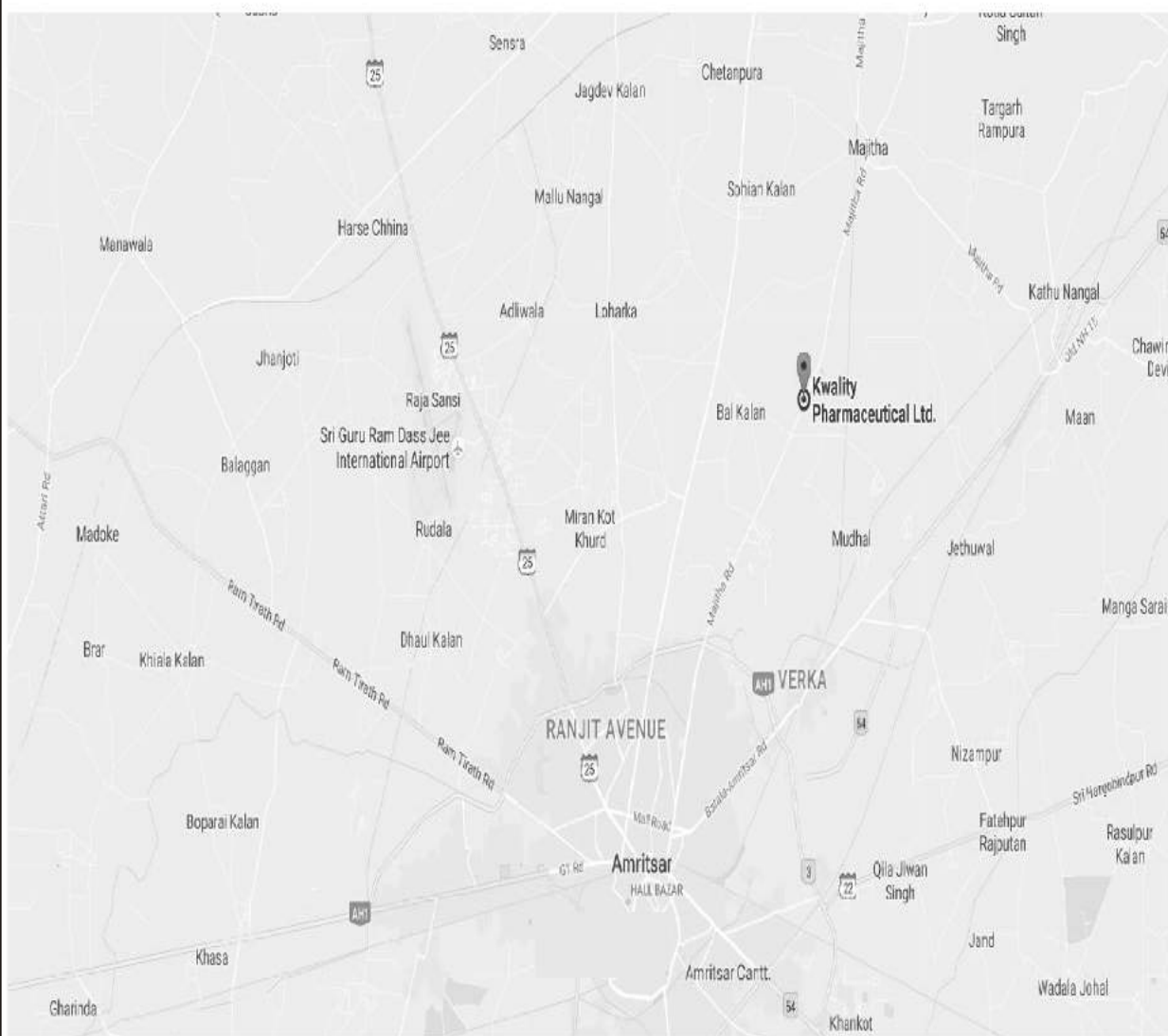
I certify that I am the registered shareholder/proxy for the registered shareholder of the Company.

I/We hereby record my/our presence at the 33<sup>rd</sup> Annual General Meeting of the **KWALITY PHARMACEUTICALS LIMITED to be held on Friday 30<sup>th</sup> September, 2016 at 11:00 A.M. at the Registered Office of the Company at VILLAGE NAGKALAN, MAJITHA ROAD, AMRITSAR – 143601.**

(Member's /Proxy's Signature)

#### **Note:**

1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.



## ROUTE MAP FOR ANNUAL GENERAL MEETING



**KWALITY PHARMACEUTICALS LIMITED**