

Date: August 19, 2019

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001  <b>Fax No.: 022-22721919</b> <b>Ref.: Kwality Limited</b> <b>(KWALITYLTD/ INE775B01025)</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (E), Mumbai – 400051  <b>Fax No.: 022-26598120</b> <b>Ref.: Kwality Limited</b> <b>(KWALITYLTD/ INE775B01025)</b>
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**Subject: Outcome of the Meeting chaired by Resolution Professional (“RP”)**

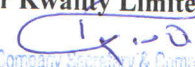
Dear Sir/Madam,

We, hereby, inform that pursuant to Regulation 30 read with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Meeting held today i.e. 19<sup>th</sup> August, 2019 concluded at 10:30 AM chaired by Resolution Professional along with the KMP of Kwality Limited to discuss and approve the following matters:

1. The Standalone and Consolidated Unaudited Financial Results for the quarter and three months ended as on 30<sup>th</sup> June, 2019.
2. The Limited Review Report given by the Statutory Auditors for the quarter and three months ended as on 30<sup>th</sup> June, 2019.

Kindly take the above information on your record in compliance to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking You,  
For Kwality Limited

  
Company Secretary & Compliance Officer



**Pradeep K. Srivastava**  
**(Company Secretary & Compliance Officer)**

Issued with Approval of Mr. Shailendra Ajmera (Resolution Professional)

(Kwality Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016. Its affairs, business and assets are being managed by the Resolution Professional, Mr. Shailendra Ajmera, appointed by the National Company Law Tribunal, by order dated 11<sup>th</sup> December 2018 and continued as Resolution Professional by the Committee of Creditors in its meeting held on 11<sup>th</sup> January, 2019 under the provisions of the Code.)



## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To**

**The Resolution Professional of Kwality Limited**

**(A company under Corporate Insolvency Resolution Process ('CIRP') as per NCLT order)**

1. We have reviewed the accompanying Statement of Standalone Financial Results of Kwality Limited (the "Company") for the quarter ended June 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Hon'ble National Company Law Tribunal (NCLT), Delhi Bench, by an order dated 11 December 2018 admitted the Corporate Insolvency Resolution Process (CIRP) application filed against Kwality Limited ("the company"), and appointed Mr. Shailendra Ajmera as the Interim Resolution Professional ("IRP") in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company as per the provisions of the Code. Further, the Committee of Creditors constituted during the CIRP of the Company in its meeting dated 11 January 2019, confirmed the IRP as the Resolution Professional ("RP") for the Company. In view of pendency of the CIRP the management of affairs of the Company and power of Board of Directors are now vested with RP. These Standalone Financial Statements have been prepared by the Management of the Company and Certified by Mr. Sharad Bhandari, Chief Financial officer ('CFO'), and approved by Resolution Professional of the Company.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standards on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. We believe that our review provides a reasonable basis for our modified conclusion.





**2. BASIS FOR MODIFIED CONCLUSION**

- a. The Company has incurred a Net loss of INR 6213.15 lakhs and erosion of its Net worth as at June 30, 2019. The company has obligations towards lenders, creditors and other agencies where reconciliation/ verification is in process pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions may indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.
- b. We draw attention to note 4 to the statement, in respect of various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Resolution Professional. No provision of excess claims has been made in the books of accounts and no accounting effect is given in respect of such claims. Therefore, we are unable to comment on the consequential impact, if any, on the accompanying statement.

**3. EMPHASIS OF MATTER**

- a. We draw attention to note 2 to the standalone financial statements, the carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2019 amounting to INR 30936.63 lakhs and INR 87.28 lakhs respectively. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statement as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2019 in the value of tangible and intangible assets.
- b. We draw attention to note 5 to the statement, the tax payable (including interest) amounting to INR 18,814.68 lakhs under the Income Tax Act of 1961 for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company. The Company has received orders from the income tax authorities under Section 279(1) read with Section 276C (2) for the assessment years 2016-17 and 2017-18 for prosecution due to non - payment of such taxes. Interest upto the insolvency commencement date has been provided in the books of accounts of the Company. At this stage no penalty has been imposed by income tax department, therefore it is not possible to predict the outcome in future. Further assessment proceedings under Section 132 under the Income Tax Act of 1961 had been initiated, the Company currently is not in a position to ascertain the consequential impact, if any. It may be noted that the income tax department has already filed a claim (i.e. Form B) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24290.52 lakhs (includes INR 5567.93 lakh w.r.t AY 2017-18 u/s 140(A) which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19. Claim aggregating INR 17798.69 lakh has been





accepted by RP which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

There is an outstanding TDS of INR 489.53 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2019. Interest payable on the outstanding TDS is estimated at INR 86.27 lakhs (includes INR 80.12 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

- c. The Company has not recognized interest payable on loans and borrowings after December 11, 2018, the same is not quantified by the company so we're unable to comment on the financial impact of the same.

Our conclusion is not modified in respect of these matters.

4. Except for the matters stated in paragraph 3 above, in our conclusion and to the best of our information and according to the explanations given to us these Statement:
- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - ii. give a true and fair view of the net loss and other financial information for the quarter ended June 30, 2019.
5. The financial results of the company for the quarter ending June 30, 2018 were reviewed by MSKA & Associates, Chartered Accountants who expressed modified opinion dated September 14, 2018.

**For B. RATTAN & ASSOCIATES**  
Chartered Accountants  
(FRN: 011798N)



**B.K.Karn**  
Partner

Membership Number:

Place: New Delhi  
Date: August 19, 2019





## INDEPENDENT AUDITORS' REVIEW REPORT

To

**The Resolution Professional of  
Kwality Limited**

**(A company under Corporate Insolvency Resolution Process ('CIRP') as per NCLT order)**

1. We have reviewed the accompanying Statement of Consolidated Financial Results of Kwality Limited (the "Company") and its subsidiary ("Kwality Dairy Products FZE") for the quarter ended June 30, 2019 together with the notes thereon (hereinafter referred to as "the Statement") attached herewith which we have signed under reference to this report, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/CMD1/ 80/ 20/ 2019 dated July 19, 2019.

The Hon'ble National Company Law Tribunal (NCLT), Delhi Bench, by an order dated 11 December 2018 admitted the Corporate Insolvency Resolution Process (CIRP) application filed against Kwality Limited ("the company"), and appointed Mr. Shailendra Ajmera as the Interim Resolution Professional ("IRP") in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company as per the provisions of the Code. Further, the Committee of Creditors constituted during the CIRP of the Company in its meeting dated 11 January 2019, confirmed the IRP as the Resolution Professional ("RP") for the Company. In view of pendency of the CIRP the management of affairs of the Company and power of Board of Directors are now vested with RP. These Consolidated Financial Statements have been prepared by the management of the Company and Certified by Mr. Sharad Bhandari, Chief Financial officer ('CFO'), and approved by Resolution Professional of the Company..

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standards on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not





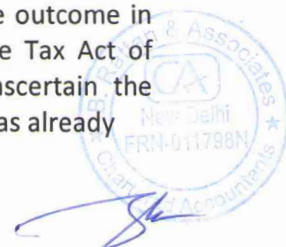
express an audit opinion. We believe that our review provides a reasonable basis for our modified conclusion.

### 3. BASIS FOR MODIFIED CONCLUSION

- a. The Company has incurred a Net loss of INR 6461.81 lakhs and erosion of its Net worth as at June 30, 2019. The company has obligations towards lenders, creditors and other agencies where reconciliation/ verification is in process pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). These conditions may indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The ultimate outcome of these matters is at present not ascertainable. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying standalone financial statements.
- b. We draw attention to note 4 to the statement, in respect of various claims, submitted by the financial creditors, operational creditors, workmen or employee and authorized representative of workmen and employees of the Company to Resolution Professional. No provision of excess claims has been made in the books of accounts and no accounting effect is given in respect of such claims. Therefore, we are unable to comment on the consequential impact, if any, on the accompanying statement.

### 4. EMPHASIS OF MATTER

- a. We draw attention to note 2 to the consolidated financial statements, the carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2019 amounting to INR 30936.63 lakhs and INR 87.28 lakhs respectively. The CIRP is not yet concluded and hence, the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statement as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2019 in the value of tangible and intangible assets.
- b. We draw attention to note 5 to the statement, the tax payable (including interest) amounting to INR 18,814.68 lakhs under the Income Tax Act of 1961 for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company. The Company has received orders from the income tax authorities under Section 279(1) read with Section 276C (2) for the assessment years 2016-17 and 2017-18 for prosecution due to non - payment of such taxes. Interest upto the insolvency commencement date has been provided in the books of accounts of the Company. At this stage no penalty has been imposed by income tax department, therefore it is not possible to predict the outcome in future. Further assessment proceedings under Section 132 under the Income Tax Act of 1961 had been initiated, the Company currently is not in a position to ascertain the consequential impact, if any. It may be noted that the income tax department has already







filed a claim (i.e. Form B) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24290.52 lakhs (includes INR 5567.93 lakh w.r.t AY 2017-18 u/s 140(A) which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19. Claim aggregating INR 17798.69 lakh has been accepted by RP which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

There is an outstanding TDS of INR 489.53 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2019. Interest payable on the outstanding TDS is estimated at INR 86.27 lakhs (includes INR 80.12 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

- c. The Company has not recognized interest payable on loans and borrowings after December 11, 2018, the same is not quantified by the company so we're unable to comment on the financial impact of the same.
- d. We draw attention to Note 7 to the consolidated Financial Statement, wholly owned subsidiary (Kwality Dairy Products FZE) discontinued the business in the financial year 2018-19 due to recession in global market. The Current assets and liabilities are stated at the values at which they are realizable and payable. Investment property(s) is valued on the basis of realizable value (Assets are held for sale).

Our conclusion is not modified in respect of these matters.

#### 5. Other Matters

We did not review the Financial statement of 1 (one) subsidiary included in the Consolidated Financial Statements for quarter ended June 30, 2019. This Financial statement and other Financial information have been reviewed by another auditor whose report has been furnished to us. In our opinion on quarter ended June 30, 2019, to the extent they have been derived from such Financial statement is based solely on the report of such auditor.

Our conclusion is not modified in respect of these matters.





6. Except for the matters stated in paragraph 3 above, in our opinion and to the best of our information and according to the explanations given to us these Statement:
- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - ii. give a true and fair view of the net loss and other financial information for the quarter ended June 30, 2019.

**For B. RATTAN & ASSOCIATES**  
**Chartered Accountants**  
**(FRN: 011798N)**



  
**B.K.Karn**  
**Partner**

**Membership Number:**

**Place: New Delhi**

**Date: August 19, 2019**





**Kwality Limited**  
CIN : L74899DL1992PLC255519  
Regd. Office : KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi-110027

**Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2019**

		(INR in Lakhs)			
Sr.No	Particulars	Quarter Ended			Year Ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Unaudited	Audited*	Unaudited	Audited
1	<b>Income from Operations</b>				
	(a) Revenue from operations	4,798.62	11,365.19	1,26,248.31	2,08,923.25
	(b) Other income	6.06	1.14	330.62	457.75
	<b>Total Income</b>	<b>4,804.68</b>	<b>11,366.33</b>	<b>1,26,578.93</b>	<b>2,09,381.00</b>
2	<b>Expenses</b>				
	(a) Cost of materials consumed	3,224.22	8,653.57	98,614.30	1,59,421.85
	(b) Purchases of stock-in-trade	2.90	-	3,975.61	3,975.61
	(c) Change in inventories of finished goods, stock in trade and work-in-progress	358.95	525.15	7,621.19	17,241.18
	(d) Employee benefits expense	438.32	380.60	1,697.59	4,153.62
	(e) Finance costs	-	618.27	5,802.07	18,822.66
	(f) Depreciation and amortisation expense	886.34	3,408.71	2,748.89	13,010.34
	(g) Other expenses	6,107.10	46,881.57	5,700.52	2,87,600.69
	<b>Total Expenses</b>	<b>11,017.83</b>	<b>60,467.87</b>	<b>1,26,160.17</b>	<b>5,04,225.95</b>
3	<b>Profit/(Loss) Before Tax (1-2)</b>	<b>(6,213.15)</b>	<b>(49,101.54)</b>	<b>418.76</b>	<b>(2,94,844.95)</b>
4	<b>Tax expense:</b>				
	(a) Current tax	-	5.99	562.37	5.99
	(b) Deferred tax	-	647.82	(247.88)	(92.99)
	<b>Total Tax Expenses</b>	<b>-</b>	<b>653.81</b>	<b>314.49</b>	<b>(87.00)</b>
5	<b>Net Profit/(Loss) for the Period after Tax (3-4)</b>	<b>(6,213.15)</b>	<b>(49,755.35)</b>	<b>104.27</b>	<b>(2,94,757.95)</b>
6	<b>Other Comprehensive Income/(Loss)</b>				
	(a) Items that will not be reclassified to profit and loss	4.39	33.08	(1.50)	28.57
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	(1.05)	0.53	-
	<b>Total Other Comprehensive Income/(Loss)</b>	<b>4.39</b>	<b>32.03</b>	<b>(0.97)</b>	<b>28.57</b>
7	<b>Total comprehensive income/(Loss) (5+6)</b>	<b>(6,208.76)</b>	<b>(49,723.32)</b>	<b>103.30</b>	<b>(2,94,729.38)</b>
8	<b>Earning per share of INR 1 each</b>				
	(a) Basic (INR)	(2.57)	(20.62)	0.04	(122.13)
	(b) Diluted (INR)	(2.57)	(20.62)	0.04	(122.13)
9	<b>Paid-up equity share capital (face value of INR 1 per equity share)</b>	<b>2,413.54</b>	<b>2,413.54</b>	<b>2,413.54</b>	<b>2,413.54</b>
10	<b>Other equity</b>				<b>(1,84,070.61)</b>

\*The figures for the quarter ended 31 March 2019 are the balancing figures between audited figures in respect of the full financial year and year to date unaudited figures upto the third quarter ended 31 December 2018.



*Shard Bhandari*

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**w** www.kwality.com  
**CIN** L74899DL1992PLC255519



**Notes to the Standalone Financial Results:**

1. The Corporate Insolvency Resolution Process ("CIRP") was initiated, on a petition filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company"), which was admitted vide an order dated 11 December 2018 ("Insolvency Commencement Date") of the National Company Law Tribunal ("NCLT"), Delhi Bench, under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Shailendra Ajmera IP Registration No. IBBI/PA-001/IP-P00304/2017-18/10568 was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter confirmed to continue as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on 11 January 2019 under the provisions of the Code. Pursuant to the NCLT order for commencement of the CIRP and in line with the Provisions of the Code, the power of the Board of Directors stand suspended and same is being exercised by IRP/ RP. By an order dated 24 May 2019, NCLT has extended the CIRP time period by 90 days (from 180 days to 270 days from the insolvency commencement date).

Post the commencement of CIRP, the Company is continuing to operate as a going concern in terms of the Code.

These standalone financial results for the quarter ended 30 June 2019 have been prepared by the management of the Company and certified by Mr. Sharad Bhandari, Chief Financial Officer ("CFO") of the Company in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before, the RP, the CFO and the Company Secretary on 19 August 2019 for their consideration. Accordingly, the unaudited financial results were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination by and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm of events prior to the appointment of RP, the confirmation is being provided only by the CFO. The Resolution Professional is relying on the representation letter dated 19 August 2019 for all information and confirmation in relation to the day to day functioning of the Company and all information and confirmation in relation thereto.

The RP has approved these standalone financial statements solely for discharging the powers of the Board of Directors of the Company (suspended during CIRP) which has been conferred upon him in terms of provisions of Section 17 of the Code."

2. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2019 amounting to INR 30,936.63 lakhs and INR 87.28 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2019 in the value of tangible and intangible assets.

3. In accordance with the requirements of the IND AS-108 "Operating Segments", the Company's business consists of one reportable business segment i.e., "Manufacturing and Processing of Milk and Milk Products", hence separate disclosures pertaining to attributable revenue, profits, assets, liabilities and capital employed are not required.

4. Creditors Claim:

a. As a part of the CIRP, creditors of the Company were called to submit their claims to the Interim Resolution Professional/ Resolution Professional. The Claims received summary position of the same is reproduced below:

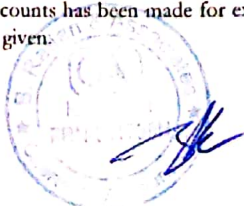
Sr. No.	Particulars	Claims Received*	Claims Admitted*
		(INR in lakhs)	(INR in lakhs)
1	Financial creditors		
	- Claim for Kwaliti Limited <sup>#</sup>	1,88,768.15	1,84,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the wholly owned subsidiary i.e. Kwaliti Dairy Products FZE (yet to be recognized in the books of account)	12,200.71	12,200.71
	<b>Total Financial Creditors</b>	<b>2,00,968.86</b>	<b>1,97,044.96</b>
2	Operational creditors (including Employees & workers)	30,730.94	22,437.44
3	Other claims	14,118.26	14,085.47

\*\* Amount claimed till the insolvency commencement date and amount admitted on the basis of verification and collation of available information from the records of Kwaliti Limited and may be updated / revised as per additional information received.

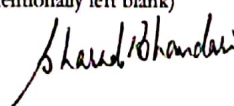
# Includes INR 117.92 lakhs in relation to un-invoked bank guarantees admitted as contingent claim without any voting rights

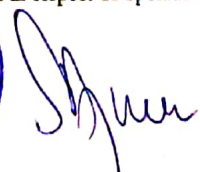
The RP is in the process of verifying and accepting the claims submitted by the creditors as per the Code. Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the resolution plan, if any, approved by the NCLT going forward.

b. The Company has not provided any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by financial creditors for the period w.e.f. the Insolvency Commencement Date, since as part of the CIRP, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims in Form C only till the date of commencement of CIRP in the Corporate Debtor. The aggregate claims submitted by the Financial Creditors exceeded the amount as appearing in the books of accounts. Further, in respect of operational / other creditors the process of submitting claims is on-going and is under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no provision in the books of accounts has been made for excess claims submitted in respect of financial creditors and no accounting effect in respect of operational/other creditors has been given.



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5. The tax payable (including interest) amounting to INR 18,814.68 lakhs under the Income Tax Act of 1961 for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company. The Company has received orders from the income tax authorities under Section 279(1) read with Section 276C (2) for the assessment years 2016-17 and 2017-18 for prosecution due to non - payment of such taxes. Interest upto the insolvency commencement date has been provided in the books of accounts of the Company. At this stage no penalty has been imposed by income tax department, therefore it is not possible to predict the outcome in future. Further assessment proceedings under Section 132 under the Income Tax Act of 1961 have been initiated, the Company currently is not in a position to ascertain the consequential impact, if any. It may be noted that the income tax department has already filed the claims (i.e. Form Bs) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24,290.52 lakhs (includes INR 5,567.93 lakhs w.r.t AY 2017-18 under section 140A, which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19. Claim aggregating INR 17,798.69 lakhs has been accepted by the RP, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

There is an outstanding TDS of INR 489.53 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2019. Interest payable on the outstanding TDS is estimated at INR 86.27 lakhs (includes INR 80.12 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

6. "Other Expenses" as stated in the income statement for the quarter ended 30 June 2019, include adjustment on these accounts, as enumerated below:

Particulars	Quarter Ended 30 June 2019	Quarter Ended 31 March 2019
	(INR in lakhs)	
Provision for doubtful debtors	-	32,447.03
Provision for doubtful advances	4,915.63	5,918.25
Write-off of Property, Plant and Equipment	6.29	6,655.01
Discard of Packing Material	9.48	212.87
<b>Total</b>	<b>4,931.40</b>	<b>45,233.16</b>

7. The figures for the previous periods have been regrouped/ rearranged wherever necessary.

For Kwaliti Limited  
(a company under corporate insolvency resolution process vide NCLT order)



*Sharad Bhandari*  
Sharad Bhandari  
(Chief Financial Officer)

*Shailendra Ajmera*  
Shailendra Ajmera  
(Resolution Professional)  
IP Registration No. IBBI/IPA-001  
/IP-P00304/2017-18/10568

Place: Delhi  
Date: 19 August 2019





Kwality Limited

CIN : L74899DL1992PLC255519

Regd. Office : KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi-110027

Statement of Unaudited Consolidated Financial Results for the Quarter ended 30 June 2019

(INR in Lakhs)

S.No	Particulars	Quarter Ended		Year Ended	
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Unaudited	Audited*	Unaudited	Audited
1	<b>Income from Operations</b>				
	(a) Revenue from operations	4,798.62	11,359.36	1,30,116.70	2,12,987.54
	(b) Other income	6.06	1.11	335.81	481.41
	<b>Total Income</b>	<b>4,804.68</b>	<b>11,360.47</b>	<b>1,30,452.51</b>	<b>2,13,468.95</b>
2	<b>Expenses</b>				
	(a) Cost of materials consumed	3,224.22	8,653.57	98,614.30	1,59,421.85
	(b) Purchases of stock-in-trade	2.90	(1.74)	7,023.40	5,194.66
	(c) Change in inventories of finished goods, stock in trade and work -in-progress	358.95	525.15	8,246.89	19,861.06
	(d) Employee benefits expense	438.32	380.54	1,717.12	4,189.82
	(e) Finance costs	245.22	871.53	6,043.53	19,808.30
	(f) Depreciation and amortisation expense	886.34	3,408.60	2,760.05	13,035.77
	(g) Other expenses	6,110.54	46,807.10	5,733.58	3,13,659.38
	<b>Total Expenses</b>	<b>11,266.49</b>	<b>60,644.75</b>	<b>1,30,138.87</b>	<b>5,35,170.86</b>
3	<b>Profit/(Loss) Before Tax (1-2)</b>	<b>(6,461.81)</b>	<b>(49,284.28)</b>	<b>313.64</b>	<b>(3,21,701.91)</b>
4	<b>Tax expense:</b>				
	(a) Current tax	-	5.99	562.37	5.99
	(b) Deferred tax	-	647.82	(247.88)	(92.99)
	<b>Total Tax Expenses</b>	<b>-</b>	<b>653.81</b>	<b>314.49</b>	<b>(87.00)</b>
5	<b>Net Profit/(Loss) for the Period after Tax (3-4)</b>	<b>(6,461.81)</b>	<b>(49,938.09)</b>	<b>(0.85)</b>	<b>(3,21,614.91)</b>
6	<b>Other Comprehensive Income/(Loss)</b>				
	(a) Items that will not be reclassified to profit and loss	4.39	33.08	(1.50)	28.57
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	(1.05)	0.53	-
	(c) Items that will be reclassified to profit and loss	74.63	(50.48)	691.46	925.31
	<b>Total Other Comprehensive Income/(Loss)</b>	<b>79.02</b>	<b>(18.45)</b>	<b>690.49</b>	<b>953.88</b>
7	<b>Total comprehensive income/(Loss) (5+6)</b>	<b>(6,382.79)</b>	<b>(49,956.54)</b>	<b>689.64</b>	<b>(3,20,661.03)</b>
8	<b>Earning per share of INR 1 each</b>				
	(a) Basic (INR)	(2.68)	(20.69)	(0.00)	(133.25)
	(b) Diluted (INR)	(2.68)	(20.69)	(0.00)	(133.25)
9	<b>Paid-up equity share capital (face value of INR 1 per equity share)</b>	<b>2,413.54</b>	<b>2,413.54</b>	<b>2,413.54</b>	<b>2,413.54</b>
10	<b>Other equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,95,967.61)</b>

\*The figures for the quarter ended 31 March 2019 are the balancing figures between audited figures in respect of the full financial year and year to date unaudited figures upto the third quarter ended 31 December 2018.



*[Signature]*



*Shardul Bhandari*

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CIN L74899DL1992PLC255519



## Notes to the Consolidated Financial Results:

1. The Corporate Insolvency Resolution Process ("CIRP") was initiated, on a petition filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company"), which was admitted vide an order dated 11 December 2018 ("Insolvency Commencement Date") of the National Company Law Tribunal ("NCLT"), Delhi Bench, under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Shailendra Ajmera IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568 was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter confirmed to continue as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on 11 January 2019 under the provisions of the Code. Pursuant to the NCLT order for commencement of the CIRP and in line with the Provisions of the Code, the power of the Board of Directors stand suspended and same is being exercised by IRP/ RP. By an order dated 24 May 2019, NCLT has extended the CIRP time period by 90 days (from 180 days to 270 days from the insolvency commencement date).

Post the commencement of CIRP, the Company is continuing to operate as a going concern in terms of the Code.

These consolidated financial results for the quarter ended 30 June 2019 have been prepared by the management of the Company and certified by Mr. Sharad Bhandari, Chief Financial Officer ("CFO") of the Company in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before, the RP, the CFO and the Company Secretary on 19 August 2019 for their consideration. Accordingly, the unaudited financial results were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination by and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm of events prior to the appointment of RP, the confirmation is being provided only by the CFO. The Resolution Professional is relying on the representation letter dated 19 August 2019 for all information and confirmation in relation to the day to day functioning of the Company and all information and confirmation in relation thereto.

The RP has approved these consolidated financial statements solely for discharging the powers of the Board of Directors of the Company (suspended during CIRP) which has been conferred upon him in terms of provisions of Section 17 of the Code."

2. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2019 amounting to INR 30,936.63 lakhs and INR 87.28 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2019 in the value of tangible and intangible assets.

3. In accordance with the requirements of the IND AS-108 "Operating Segments", the Company's business consists of one reportable business segment i.e., "Manufacturing and Processing of Milk and Milk Products", hence separate disclosures pertaining to attributable revenue, profits, assets, liabilities and capital employed are not required.

#### 4. Creditors Claim:

a. As a part of the CIRP, creditors of the Company were called to submit their claims to the Interim Resolution Professional/ Resolution Professional. The Claims received summary position of the same is reproduced below:

Sr. No.	Particulars	Claims Received*	Claims Admitted*
		(INR in lakhs)	(INR in lakhs)
1	Financial creditors		
	- Claim for Kwaliti Limited#	1,88,768.15	1,84,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the wholly owned subsidiary i.e. Kwaliti Dairy Products FZE (yet to be recognized in the books of account)	12,200.71	12,200.71
	<b>Total Financial Creditors</b>	<b>2,00,968.86</b>	<b>1,97,044.96</b>
2	Operational creditors (including Employees & workers)	30,730.94	22,437.44
3	Other Claims	14,118.26	14,085.47

\*\* Amount claimed till the insolvency commencement date and amount admitted on the basis of verification and collation of available information from the records of Kwaliti Limited and may be updated / revised as per additional information received.

# Includes INR 117.92 lakhs in relation to un-invoked bank guarantees admitted as contingent claim without any voting rights

The RP is in the process of verifying and accepting the claims submitted by the creditors as per the Code. Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the resolution plan, if any, approved by the NCLT going forward.

b. The Company has not provided any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by financial creditors for the period w.e.f. the Insolvency Commencement Date, since as part of the CIRP, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims in Form C only till the date of commencement of CIRP in the Corporate Debtor. The aggregate claims submitted by the Financial Creditors exceeded the amount as appearing in the books of accounts. Further, in respect of operational / other creditors the process of submitting claims is on-going and is under reconciliations with amount as appearing in the books of accounts. Pending reconciliations and final outcome of the CIRP, no provision in the books of accounts has been made for excess claims submitted in respect of financial creditors and no accounting effect in respect of operational/other creditors has been given.

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Sharad Bhandari



5. The tax payable (including interest) amounting to INR 18,814.68 lakhs under the Income Tax Act of 1961 for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company. The Company has received orders from the income tax authorities under Section 279(1) read with Section 276C (2) for the assessment years 2016-17 and 2017-18 for prosecution due to non - payment of such taxes. Interest upto the insolvency commencement date has been provided in the books of accounts of the Company. At this stage no penalty has been imposed by income tax department, therefore it is not possible to predict the outcome in future. Further assessment proceedings under Section 132 under the Income Tax Act of 1961 have been initiated, the Company currently is not in a position to ascertain the consequential impact, if any. It may be noted that the income tax department has already filed the claims (i.e. Form Bs) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24,290.52 lakhs (includes INR 5,567.93 lakhs w.r.t AY 2017-18 under section 140A, which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19. Claim aggregating INR 17,798.69 lakhs has been accepted by the RP, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

There is an outstanding TDS of INR 489.53 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2019. Interest payable on the outstanding TDS is estimated at INR 86.27 lakhs (includes INR 80.12 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date, which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

6. "Other Expenses" as stated in the income statement for the quarter ended 30 June 2019, include adjustment on these accounts, as enumerated below:

Particulars	Quarter Ended 30 June 2019	Quarter Ended 31 March 2019
	(INR in lakhs)	
Provision for doubtful debtors	-	32,447.03
Provision for doubtful advances	4,915.63	5,918.25
Write-off of Property, Plant and Equipment	6.29	6,655.01
Discard of Packing Material	9.48	212.87
<b>Total</b>	<b>4,931.40</b>	<b>45,233.16</b>

7. The wholly Owned Subsidiary (Kwality Dairy Products FZE) discontinued the business in last financial Year 2018-2019 due to recession in global Market. The Current Assets and liabilities are stated at the values at which they are realizable and Payable. Investment property(s) is valued on the basis of realizable value (Assets are held for sale).

8. The figures for the previous periods have been regrouped/ rearranged wherever necessary.

For Kwality Limited

(a company under corporate insolvency resolution process vide NCLT order)



Sharad Bhandari  
(Chief Financial Officer)

Place: Delhi

Date: 19 August 2019



Shailendra Ajmera  
(Resolution Professional)  
IP Registration No. IBBI/IPA-001  
/IP-P00304/2017-18/10568