



Date: September 08, 2021

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

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. September 08, 2021 concluded at 02: 00 P.M. chaired by Liquidator 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 ended as on 30th June, 2021.
2. The Limited Review Report given by the Statutory Auditors for the quarter ended as on 30th June, 2021.

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

Thanking You,
For Kwality Limited

KWALITY LIMITED
(A COMPANY UNDER LIQUIDATION
PROCESS AS PER INSOLVENCY &
BANKRUPTCY CODE, 2016 VIDE NCLT
ORDER DATED 11 JANUARY 2021)

Pradeep K Srivastava

(Company Secretary & Compliance Officer)

(a company under liquidation process as per the provision of Insolvency and Bankruptcy Code 2016 vide NCLT order dated 11th January, 2021)

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 2021

(INR in Lakhs)

Sr.No	Particulars	Quarter Ended			Year Ended
		30 Jun 2021	31 Mar 2021	30 Jun 2020	31 Mar 2021
		Unaudited	Audited*	Unaudited	Audited
1	Income from Operations				
	(a) Revenue from operations	1,056.74	3,407.12	3,132.52	12,042.20
	(b) Other income	2.77	(209.90)	6.03	43.34
	Total Income	1,059.51	3,197.22	3,138.55	12,085.54
2	Expenses				
	(a) Cost of materials consumed	406.06	2,361.21	2,421.80	8,916.45
	(b) Change in inventories of finished goods and work-in-progress	5.14	40.04	139.33	253.02
	(c) Employee benefits expense	147.67	192.81	195.42	677.50
	(d) Finance costs	-	26,011.06	-	98,695.71
	(e) Depreciation and amortisation expense	280.29	352.84	741.91	2,573.01
	(f) Impairment of assets	-	(782.36)	-	14,308.55
	(g) Other expenses	416.39	1,027.80	680.10	22,460.49
	Total Expenses	1,255.55	29,203.40	4,178.56	1,47,884.73
3	Profit/(Loss) Before Tax (1-2)	(196.04)	(26,006.18)	(1,040.01)	(1,35,799.19)
4	Tax expense:				
	(a) Current tax	-	17,987.09	-	18,034.41
	(b) Deferred tax	-	-	-	-
	Total Tax Expenses	-	17,987.09	-	18,034.41
5	Net Profit/(Loss) for the Period after Tax (3-4)	(196.04)	(43,993.27)	(1,040.01)	(1,53,833.60)
6	Other Comprehensive Income/(Loss)				
	(a) Items that will not be reclassified to profit and loss	-	23.84	5.61	23.84
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-
	Total Other Comprehensive Income/(Loss)	-	23.84	5.61	23.84
7	Total comprehensive Income/(Loss) (5+6)	(196.04)	(43,969.43)	(1,034.40)	(1,53,809.76)
8	Earning per share of INR 1 each				
	(a) Basic (INR)	(0.08)	(18.23)	(0.43)	(63.74)
	(b) Diluted (INR)	(0.08)	(18.23)	(0.43)	(63.74)
9	Paid-up equity share capital (face value of INR 1 per equity share)	2,413.54	2,413.54	2,413.54	2,413.54
10	Other equity				(3,50,698.67)

* The figure for the quarter ended 31 March 2021 are the balancing figures between audited figures of the year ended 31 March 2021 and unaudited figures of the nine months period ended 31 December 2020.

Notes to the unaudited Standalone Financial Results for the quarter ended 30 June 2021:

1. The Hon'ble Adjudicating Authority, National Company Law Tribunal, Bench III, New Delhi (hereinafter, "NCLT") vide order dated 11th December, 2018 ordered initiation of the Corporate Insolvency Resolution Process (hereinafter, "CIRP") in respect of Kwaliti Limited, (hereinafter "Corporate Debtor" and/or "Company") on an application filed by one of the financial creditors of the Corporate Debtor under Section 7 of the Insolvency & Bankruptcy Code, 2016 (hereinafter, "I&B Code"). Mr. Shailendra Ajmera IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568 was appointed as the Interim Resolution Professional by the Hon'ble NCLT and was later continued and appointed as the Resolution Professional by the Committee of Creditors (hereinafter, "CoC") of the Corporate Debtor in their meeting held on 11 January 2019 under the provisions of the I&B Code.

As by the end of the CIRP period, no resolution plan for the Corporate Debtor was approved by the CoC, the Hon'ble NCLT vide order dated 11 January 2021 ordered for initiation of liquidation process in respect of the Corporate Debtor under the provisions of the I&B Code. Mr. Shailendra Ajmera having IP Registration No: IBBI/IPA-001/IP-P00304/2017-18/10568 has been appointed as the Liquidator of the Corporate Debtor by the Hon'ble NCLT. In terms of Section 34(2) of the I&B Code on the commencement of the liquidation process, all the powers of the Board of Directors and key managerial personnel of the Company ceased to have any effect and stood vested in the Liquidator.

In accordance with Section 35(1)(e) read with Regulation 32(c) & (f), Regulation 32A and Regulation 32 A and Regulation 2B of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter, "Liquidation Process Regulations") read with Order dated 11th January 2021 passed by the Hon'ble NCLT, the Liquidator proposes to sell the Corporate Debtor or its business, as a "going concern", including by way of scheme, if any proposed by the creditors/members of the Corporate Debtor under Section 230 of the Companies Act, 2013. Subsequently, vide advertisement dated 11 February 2021 prospective bidders have been invited to submit their expression of interest for purchase of the Corporate Debtor or its business as going concern.

In accordance with Regulation 32A of the Liquidation Process Regulations, the Stakeholders Consultation Committee of the Corporate Debtor has recommended to sell the Corporate Debtor or its business as a going concern as per sub-regulation (e) or (f) of Regulation 32 of the Liquidation Process Regulations in order to maximize the value of the Corporate Debtor. Hence, in light of the same, the Liquidator has released the E-Auction sale notice for sale of the Corporate debtor or its business as going concern in compliance with Regulations 32 and 32A of the Liquidation Process Regulations while keeping the business of the Corporate Debtor as a going concern. It is submitted that Regulation 32A (3) of Liquidation Process Regulations prescribes time of 90 days from the liquidation commencement date for exploring sale of a corporate debtor or its business as a going concern. Therefore, the Liquidator filed an extension application before Hon'ble NCLT and prayed for 90 days extension in order to explore the sale of the Corporate Debtor or its business, as a "going concern". The Hon'ble NCLT vide order dated 4 May 2021 granted 90 days extension from 10 April 2021 i.e. till 9 July 2021. Due to sudden surge of Covid-19 pandemic and imposition of various restrictions including lockdowns has impacted the sale process, hence, the Liquidator filed extension/ exclusion for 140 days in order to complete the process of sale of the Corporate Debtor or its business, as a "going concern". The Hon'ble NCLT vide order dated 28 July 2021 has granted exclusion of 50 days on account of Covid-19 related restrictions and lockdown period from 19th April 2021 till 7th June 2021 out of the liquidation process time line and an extension of 90 days period for completion of Sale of Kwaliti Ltd (In Liquidation) as a Going Concern with effect from 2 August 2021.

These standalone financial results for the quarter ended 30 June 2021 of the Company have been prepared and certified by Mr. Sharad Bhandari, Chief Financial Officer (hereinafter, "CFO") of the Corporate Debtor in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before the Liquidator, the CFO and the Company Secretary of the Corporate Debtor on 08 September 2021 for their consideration. Accordingly, the audited financial results were considered, recommended and approved in the meeting. In view thereof, the Liquidator, in reliance of such examination and the representations, clarifications and explanations provided by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the initiation of CIRP, the confirmation is being provided only by the CFO. The Liquidator is relying on the representation letter dated 08 September 2021 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 approval of the standalone financial results has been granted by the Liquidator in reliance of representations, clarifications and explanations provided by the CFO and solely in discharge of the powers of the Board of Directors being exercised by him in terms of Section 34(2) of the I&B Code, as the powers of the Board of Directors ceased to have any effect and stood vested in the Liquidator during the liquidation process of the Company.

2. Based on the liquidation order dated 11th January 2021 passed by the Hon'ble NCLT, financial statements as at 30 June 2021 have been prepared for the Company as going concern basis. Accordingly, the carrying value of tangible assets (including capital work in progress) and intangible assets as at 11 January 2021 have been stated at lower of cost and their estimated liquidation value as going concern basis. Estimated liquidation value as going concern basis represents average of the valuation as at 11 January 2021 determined by the two independent valuers. Consequently, the impairment loss of INR 15,090.91 lakhs (basis valuation carried out during CIRP) have been restated to INR 14,308.55 lakhs in the books by the Company in FY 2020-21.

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.

Notes to the unaudited Standalone Financial Results for the quarter ended 30 June 2021:

4. Creditors Claim:

a. As a part of the liquidation process, stakeholders of the Company were called to submit their claims to the Liquidator. The summary of Claims is reproduced below:

Sr. No.	Particulars ((INR in lakhs))	Claims Admitted		
		Claims received	Claims not filled*	Total
1	Financial creditors	2,60,821.41	15.43	2,60,836.84
2	Operational creditors (including Statutory Dues, Workmen and employees)	73,658.00	6,580.40	80,238.40
3	Other stakeholders	1.00	8,325.72	8,326.72
4	Other Creditors	-	14,515.85	14,515.85
	Total	3,34,480.41	29,437.40	3,63,917.81

* Represents amount admitted basis books where claims were not filled by creditors and stakeholders

b. The Company has not provided for any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by creditors for the period post the Liquidation Commencement Date, since as part of the Liquidation process, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims only till the liquidation commencement date.

5. Income Tax:

a. Basis the assessment proceedings under Section 132 under the IT Act, the Income Tax authorities have raised demand amounting to INR 9,06,439.31 lakhs (including interest upto 30 Dec 2019) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) r.w.s. 153A, 154 and u/s 144 r.w.s. 153A of the IT Act. The Company has filled appeal in January 2020 against the disputed demand with the Commissioner of Income-tax (Appeals). Further, CIT(A) issued notice u/s 250 of Income tax Act, 1961 for submission of ground wise written submission against the appeal filled in January 2020 for which adjournment has been sought by the Company. In addition to the demand, the Income Tax department has also issued show cause notice for penalty proceedings for AY 2011-12 to 2018-19 covered u/s 274 r.w.s 271(1)(c) and 274 r.w.s 270A of the IT Act.

b. Pursuant to initiation of liquidation process, Income Tax department has filed its claim in Form C dated 4 February 2021 in terms of the Liquidation Process Regulations of INR 10,24,276.42 lakhs. The amount of INR 10,24,276.42 lakhs included demand of INR 9,06,439.31 lakhs as mentioned in 5(a) above and additional interest of INR 117,837.11 lakhs from 31 Dec 2019 till 11 Jan 2021. Since the demand is under appeal, the claim to the extent of INR 64,437.54 lakhs (out of INR 10,24,276.42 lakhs) has been admitted by the Liquidator based on opinion taken from income tax expert and the balance amount of INR 9,59,838.88 lakhs has been shown as contingent liability. Further, an appeal under Section 42 of the IBC Code, 2016 has been filled by Income tax authorities before the Hon'ble NCLT on 15 July 2021 challenging the decision of liquidator rejecting certain claim amount and directing acceptance of the amount claimed in entirety which is sub-judice before the Hon'ble NCLT.

6. "Other Expenses" as stated in the income statement for the quarter ended 30 June 2021, include adjustment on these accounts, as enumerated below:

Particulars (INR lakhs)	Quarter Ended	Quarter Ended
	30-Jun-21	31-Mar-21
Invocation of Corporate Guarantee	-	81.18
Milk Cess expenses (Net)*	2.53	(219.76)
Demand of VAT/GST	-	240.12
Interest on TDS payable	-	7.09
Total	2.53	108.64

*Milk cess expenses are net of provision written back of doubtful deposit Rs 223.13 during the quarter ended 31.03.2021.

7. On September 21, 2020 the officers of the Central Bureau of Investigation ("CBI") inspected the registered office cum corporate office and other business locations of the Company for the purpose of the investigation under Case RC 2232020A0005 of CBI/AC-V registered on September 10, 2020 under the provisions of the Prevention of Corruption Act, 1988. The above case is stated to have been registered for the offences of fraud and wrongful loss of public money. The investigation is being carried out pursuant to a complaint filed by the Financial Creditor who has already filed an application under section 7 of the Insolvency & Bankruptcy Code, 2016.

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

For Kwaliti Limited
(a company under liquidation process vide NCLT order)

Sharad Bhandari
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Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPB5053P

SHAILENDRA AJMERA
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Date: 2021.09.08 12:03:00 +05'30'

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

Parshant Gogna
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Date: 2021.09.08 12:41:18 +05'30'

Place: Delhi
Date: 08 September 2021

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Liquidator of Kwaliti Limited**

1. We have reviewed the accompanying statement of quarterly unaudited standalone financial results of Kwaliti Limited ('the company') for the period ended June 30, 2021 ("the Statement"). 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 the Liquidator. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (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 an analytical procedure applied to financial data and thus provides 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. Based on our review conducted as above, except for the effects of the matters described in the Basis of Modified Conclusion paragraph 4 below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. Basis for Qualified Conclusion

- a. The Company has incurred a Net loss of INR 196.04 lakhs and erosion of its Net worth as at June 30, 2021. The company has obligations towards lenders, creditors and other agencies. The Hon'ble National Company Law Tribunal, Bench III, New Delhi ("NCLT") has passed its Order dated Jan 11, 2021 for Liquidation of the company. The Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Hence, preparation of accounts of the company as Going Concern is not appropriate. The ultimate outcome of this matter is not ascertainable at present. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying Statement.
- b. The company has a number of pending litigations w.r.t various legal and tax matters pending with various authorities but the company has not made any provision for any future loss arising to the company in the scenario of negative outcome of such cases. It includes income tax demand (*along with interest*) of INR 9,06,439.31 lakhs (*including interest up to 30.12.2019*) beginning from AY 2011-

12 till AY 2018-19. Income Tax authorities has filed claim in Form C dated 04.02.2021 for INR 10,24,276.42 lakhs (includes demand of Rs. 9,06,439.31 lakhs along with additional interest of INR 1,17,837.11 lakhs. Out of total, only INR 64,437.54 lakhs has been admitted by the Liquidator and recognized in books of accounts as liability and balance amount is under appeal.

5. EMPHASIS OF MATTER

We draw attention to the following matters in the financial results:

- a. The Company has recognized impairment loss amounting to INR 14308.55 lakhs on carrying value of tangible assets, capital work in progress and intangible assets in accordance with requirements of Indian Accounting Standard 36 on "Impairment of Assets". Estimated liquidation value has been arrived at on the basis of average of the liquidation value as at 11 January 2021 obtained from the two valuers during the Liquidation Process. Final impact on the value of tangible and intangible assets as required by Ind-AS 36 on 'Impairment of Assets' shall be ascertained on the time of sale of Assets.
- b. The Financial Creditors who have already filed application under IBC, 2016 have registered a case of Criminal Conspiracy/ Forgery/ Cheating/ Criminal Misconduct with Central Bureau of Investigation ("CBI") under the provisions of Prevention of Corruption Act, 1988. The said case has been filed with the CBI for the offences of wrongful gain to the company and wrongful loss to the Banks. The CBI inspected the registered office of the company along with other business locations as on 21st September, 2020 and the Investigation is in process.

Our conclusion is not modified in respect of above matters.

6. We have reviewed the subsequent realization of the Trade Receivables to whom the company had made sales during the quarter. Most of the Trade Receivables reported by the company were subsequently realized. In other cases the Trade Receivables are subject to Balance Confirmations.

For B RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No. : 011798N

Parshant
Gogna

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Parshant Gogna
Date: 2021.09.08
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ParshantGogna

Membership No. 555644

Partner

UDIN:- 21555644AAAAAU4757

Place: Delhi

Date: 08 September 2021

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 2021

(INR in Lakhs)

S.No	Particulars	Quarter Ended			Year Ended
		30 June 2021	31 Mar 2021	30 June 2020	31 Mar 2021
		Unaudited	Audited*	Unaudited	Audited
1	Income from Operations				
	(a) Revenue from operations	1,056.74	3,407.12	3,132.52	12,042.20
	(b) Other income	2.77	(209.90)	6.03	43.34
	Total Income	1,059.51	3,197.22	3,138.55	12,085.54
2	Expenses				
	(a) Cost of materials consumed	406.06	2,361.21	2,421.80	8,916.45
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Change in inventories of finished goods and work -in-progress	5.14	40.04	139.33	253.02
	(d) Employee benefits expense	147.67	192.81	195.42	677.50
	(e) Finance costs	372.83	26,377.45	385.12	1,00,178.69
	(f) Depreciation and amortisation expense	280.29	352.84	741.91	2,573.01
	(g) Impairment of assets	-	(782.31)	-	14,323.94
	(h) Other expenses	416.39	946.74	680.10	7,154.36
	Total Expenses	1,628.38	29,488.78	4,563.68	1,34,076.97
3	Profit/(Loss) Before Tax (1-2)	(568.87)	(26,291.56)	(1,425.13)	(1,21,991.43)
4	Tax expense:				
	(a) Current tax	-	17,987.09	-	18,034.41
	(b) Deferred tax	-	-	-	-
	Total Tax Expenses	-	17,987.09	-	18,034.41
5	Net Profit/(Loss) for the Period after Tax (3-4)	(568.87)	(44,278.65)	(1,425.13)	(1,40,025.84)
6	Other Comprehensive Income/(Loss)				
	(a) Items that will not be reclassified to profit and loss	-	23.84	5.61	23.84
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-
	(c) Items that will be reclassified to profit and loss	(252.09)	(36.70)	(37.39)	439.41
	Total Other Comprehensive Income/(Loss)	(252.09)	(12.86)	(31.78)	463.25
7	Total comprehensive Income/(Loss) (5+6)	(820.96)	(44,291.51)	(1,456.91)	(1,39,562.59)
8	Earning per share of INR 1 each				
	(a) Basic (INR)	(0.24)	(18.35)	(0.59)	(58.02)
	(b) Diluted (INR)	(0.24)	(18.35)	(0.59)	(58.02)
9	Paid-up equity share capital (face value of INR 1 per equity share)	2,413.54	2,413.54	2,413.54	2,413.54
10	Other equity				(3,51,019.59)

* The figure for the quarter ended 31 March 2021 are the balancing figures between audited figures of the year ended 31 March 2021 and unaudited figures of the nine months period ended 31 December 2020

Notes to the unaudited Consolidated Financial Results for the quarter ended 30 June 2021:

1. The Hon'ble Adjudicating Authority, National Company Law Tribunal, Bench III, New Delhi (hereinafter, "NCLT") vide order dated 11th December, 2018 ordered initiation of the Corporate Insolvency Resolution Process (hereinafter, "CIRP") in respect of Kwaliti Limited, (hereinafter "Corporate Debtor" and/or "Company") on an application filed by one of the financial creditors of the Corporate Debtor under Section 7 of the Insolvency & Bankruptcy Code, 2016 (hereinafter, "I&B Code"). Mr. Shailendra Ajmera IP Registration No. IBBI/PA-001/IP-P00304/2017-18/10568 was appointed as the Interim Resolution Professional by the Hon'ble NCLT and was later continued and appointed as the Resolution Professional by the Committee of Creditors (hereinafter, "CoC") of the Corporate Debtor in their meeting held on 11 January 2019 under the provisions of the I&B Code.

As by the end of the CIRP period, no resolution plan for the Corporate Debtor was approved by the CoC, the Hon'ble NCLT vide order dated 11 January 2021 ordered for initiation of liquidation process in respect of the Corporate Debtor under the provisions of the I&B Code. Mr. Shailendra Ajmera having IP Registration No: IBBI/PA-001/IP-P00304/2017-18/10568 has been appointed as the Liquidator of the Corporate Debtor by the Hon'ble NCLT. In terms of Section 34(2) of the I&B Code on the commencement of the liquidation process, all the powers of the Board of Directors and key managerial personnel of the Company ceased to have any effect and stood vested in the Liquidator.

In accordance with Section 35(1)(e) read with Regulation 32(e) & (f), Regulation 32A and Regulation 32 A and Regulation 2B of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter, "Liquidation Process Regulations") read with Order dated 11th January 2021 passed by the Hon'ble NCLT, the Liquidator proposes to sell the Corporate Debtor or its business, as a "going concern", including by way of scheme, if any proposed by the creditors/members of the Corporate Debtor under Section 230 of the Companies Act, 2013. Subsequently, vide advertisement dated 11 February 2021 prospective bidders have been invited to submit their expression of interest for purchase of the Corporate Debtor or its business as going concern.

In accordance with Regulation 32A of the Liquidation Process Regulations, the Stakeholders Consultation Committee of the Corporate Debtor has recommended to sell the Corporate Debtor or its business as a going concern as per sub-regulation (e) or (f) of Regulation 32 of the Liquidation Process Regulations in order to maximize the value of the Corporate Debtor. Hence, in light of the same, the Liquidator has released the E-Auction sale notice for sale of the Corporate debtor or its business as going concern in compliance with Regulations 32 and 32A of the Liquidation Process Regulations while keeping the business of the Corporate Debtor as a going concern. It is submitted that Regulation 32A (3) of Liquidation Process Regulations prescribes time of 90 days from the liquidation commencement date for exploring sale of a corporate debtor or its business as a going concern. Therefore, the Liquidator filed an extension application before Hon'ble NCLT and prayed for 90 days extension in order to explore the sale of the Corporate Debtor or its business, as a "going concern". The Hon'ble NCLT vide order dated 4 May 2021 granted 90 days extension from 10 April 2021 i.e. till 9 July 2021. Due to sudden surge of Covid-19 pandemic and imposition of various restrictions including lockdowns has impacted the sale process, hence, the Liquidator filed extension/ exclusion for 140 days in order to complete the process of sale of the Corporate Debtor or its business, as a "going concern". The Hon'ble NCLT vide order dated 28 July 2021 has granted exclusion of 50 days on account of Covid-19 related restrictions and lockdown period from 19th April 2021 till 7th June 2021 out of the liquidation process time line and an extension of 90 days period for completion of Sale of Kwaliti Ltd (In Liquidation) as a Going Concern with effect from 2 August 2021.

These consolidated financial results for the quarter ended 30 June 2021 of the Company have been prepared and certified by Mr. Sharad Bhandari, Chief Financial Officer (hereinafter, "CFO") of the Corporate Debtor in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before the Liquidator, the CFO and the Company Secretary of the Corporate Debtor on 08 September 2021 for their consideration. Accordingly, the unaudited financial results were considered, recommended and approved in the meeting. In view thereof, the Liquidator, in reliance of such examination and the representations, clarifications and explanations provided by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the initiation of CIRP, the confirmation is being provided only by the CFO. The Liquidator is relying on the representation letter dated 08 September 2021 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 approval of the consolidated financial results has been granted by the Liquidator in reliance of representations, clarifications and explanations provided by the CFO and solely in discharge of the powers of the Board of Directors being exercised by him in terms of Section 34(2) of the I&B Code, as the powers of the Board of Directors ceased to have any effect and stood vested in the Liquidator during the liquidation process of the Company.

2. Based on the liquidation order dated 11th January 2021 passed by the Hon'ble NCLT, financial statements as at 30 June 2021 have been prepared for the Company as going concern basis. Accordingly, the carrying value of tangible assets (including capital work in progress) and intangible assets as at 11 January 2021 have been stated at lower of cost and their estimated liquidation value as going concern basis. Estimated liquidation value as going concern basis represents average of the valuation as at 11 January 2021 determined by the two independent valuers. Consequently, the impairment loss of INR 15,090.91 lakhs (basis valuation carried out during CIRP) have been restated to INR 14,308.55 lakhs in the books by the Company in FY 2020-21. Further INR 15.39 Lakhs impairment made on the basis of sales realisable value in the books of subsidiary 'KDPF' for property sold by Bank of Baroda Dubai to realise its dues in FY 2020-21.

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 liquidation process, stakeholders of the Company were called to submit their claims to the Liquidator. The summary of Claims is reproduced below:

Sr. No.	Particulars ((INR in lakhs)	Claims Admitted		
		Claims received	Claims not filled*	Total
1	Financial creditors	2,60,821.41	15.43	2,60,836.84
2	Operational creditors (including Statutory Dues, Workmen and employees)	73,658.00	6,580.40	80,238.40
3	Other stakeholders	1.00	8,325.72	8,326.72
4	Other Creditors	-	14,515.85	14,515.85
	Total	3,34,480.41	29,437.40	3,63,917.81

* Represents amount admitted basis books where claims were not filled by creditors and stakeholders

b. The Company has not provided for any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by creditors for the period post the Liquidation Commencement Date, since as part of the Liquidation process, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims only till the liquidation commencement date.

Notes to the unaudited Consolidated Financial Results for the quarter ended 30 June 2021:

5. Income Tax:

a. Basis the assessment proceedings under Section 132 under the IT Act, the Income Tax authorities have raised demand amounting to INR 9,06,439.31 lakhs (including interest upto 30 Dec 2019) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) r.w.s. 153A, 154 and u/s 144 r.w.s. 153A of the IT Act. The Company has filed appeal in January 2020 against the disputed demand with the Commissioner of Income-tax (Appeals). Further, CIT(A) issued notice u/s 250 of Income tax Act, 1961 for submission of ground wise written submission against the appeal filed in January 2020 for which adjournment has been sought by the Company. In addition to the demand, the Income Tax department has also issued show cause notice for penalty proceedings for AY 2011-12 to 2018-19 covered u/s 274 r.w.s 271(1)(c) and 274 r.w.s 270A of the IT Act.

b. Pursuant to initiation of liquidation process, Income Tax department has filed its claim in Form C dated 4 February 2021 in terms of the Liquidation Process Regulations of INR 10,24,276.42 lakhs. The amount of INR 10,24,276.42 lakhs included demand of INR 9,06,439.31 lakhs as mentioned in 5(a) above and additional interest of INR 117,837.11 lakhs from 31 Dec 2019 till 11 Jan 2021. Since the demand is under appeal, the claim to the extent of INR 64,437.54 lakhs (out of INR 10,24,276.42 lakhs) has been admitted by the Liquidator based on opinion taken from income tax expert and the balance amount of INR 9,59,838.88 lakhs has been shown as contingent liability. Further, an appeal under Section 42 of the IBC Code, 2016 has been filed by Income tax authorities before the Hon'ble NCLT on 15 July 2021 challenging the decision of liquidator rejecting certain claim amount and directing acceptance of the amount claimed in entirety which is sub-judice before the Hon'ble NCLT.

6. "Other Expenses" as stated in the income statement for the quarter ended 30 June 2021, include adjustment on these accounts, as enumerated below:

Particulars (INR lakhs)	Quarter Ended	
	30-Jun-21	31-Mar-21
Milk Cess expenses (Net)*	2.53	(219.76)
Demand of VAT/GST	-	240.12
Interest on TDS payable	-	7.09
Total	2.53	27.45

*Milk cess expenses are net of provision written back of doubtful deposit Rs 223.13 during the quarter ended 31.03.2021.

7. Kwaliti Dairy Products FZE, Wholly Owned Subsidiary of Kwaliti Limited ("KDPF")

a. The trading license of KDPF, which has discontinued the business during the previous financial years, has expired on 30 October 2019. Consequently, KDPF will no longer be able to carry out any business activities.

b. In view of continuing default in payment of dues by KDPF, certain lenders have sent notices / letters towards recovery of their loans and further issued legal notices as well as filed appropriate applications for recovery of their dues.

c. KDPF has been issued notice by the Dubai Court in execution of a Suit No. 2589/2018 filed by Bank of Baroda on 15.11.2018 and registered on 10.12.2018 for recovery of dues. Kwaliti Limited has given corporate guarantee to Bank of Baroda in respect of loans availed by the KDPF which has been invoked by vide notice dated 19.09.2018. During CIRP, Bank of Baroda had filed the claim with RP for recovery of the dues which arisen on account of invocation of the corporate guarantee. The said claim was admitted and voting share was assigned to Bank of Baroda in respect thereof in the CoC during CIRP. The RP had also replied to Bank of Baroda that the action taken by them was in violation of the order of moratorium and amounts to seeking recovery of dues by pursuing individual recovery proceedings for recovery of debt in respect of which claim had been admitted by the RP under the IBC during CIRP. Bank of Baroda had been requested to forthwith withdraw the said execution and all step and actions arising therefrom or related thereto. Pursuant to initiation of liquidation process, Bank of Baroda has filed the claim on 9 February 2021 under the Liquidation Process Regulations with liquidator for recovery of said dues.

d. KDPF current assets and liabilities are stated at the values at which they are realizable and payable.

e. KDPF investment property(s) is valued on the basis of realizable value (assets are held for sale).

8. On September 21, 2020 the officers of the Central Bureau of Investigation ("CBI") inspected the registered office cum corporate office and other business locations of the Company for the purpose of the investigation under Case RC 2232020A0005 of CBI/AC-V registered on September 10, 2020 under the provisions of the Prevention of Corruption Act, 1988. The above case is stated to have been registered for the offences of fraud and wrongful loss of public money. The investigation is being carried out pursuant to a complaint filed by the Financial Creditor who has already filed an application under section 7 of the Insolvency & Bankruptcy Code, 2016.

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

For Kwaliti Limited
(a company under Liquidation process vide NCLT order)

Sharad Bhandari
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Date: 2021.09.08 11:34:08 +05'30'

Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPPB5053P

SHAILENDRA AJMERA
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Date: 2021.09.08 12:04:20 +05'30'

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

Parshant Gogna
Digitally signed by Parshant Gogna
Date: 2021.09.08 12:40:00 +05'30'

Place: Delhi
Date: 08 September 2021

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Liquidator of Kwaliti Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Kwaliti Limited ('The Parent') reviewed by us and its subsidiary reviewed by other auditors (the parent and its subsidiary together referred to as "the Group") and its proportionate share of the profit/ Loss after tax and its comprehensive income/ loss of its subsidiary for the period ended June 30, 2021 ("the Statement"). 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 the Liquidator. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (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 an analytical procedure applied to financial data and thus provides 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. The Statement includes the results of the following entity:
Subsidiary

(i) Kwaliti Dairy Products FZE
4. Based on our review conducted as above, except for the effects of the matters described in the Basis of Modified Conclusion paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **BASIS FOR MODIFIED CONCLUSION**
 - a. The Company has incurred a Net loss of INR 568.87 lakhs and erosion of its Net worth as at June 30, 2021. The company has obligations towards lenders, creditors and other agencies. The Hon'ble National Company Law Tribunal, Bench III, New Delhi ("NCLT") has passed its Order dated Jan 11, 2021 for Liquidation of the company. The Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Hence, preparation of accounts of the company as Going Concern is not appropriate. The ultimate outcome of this matter is not ascertainable at present. Accordingly, we are unable to comment on the consequential impact, if any, on the accompanying Statement.
 - b. The company has a number of pending litigations w.r.t various legal and tax matters pending with various authorities but the company has not made any provision for any future loss arising to the

company in the scenario of negative outcome of such cases. It includes income tax demand (*along with interest*) of INR 9,06,439.31 lakhs (*including interest up to 30.12.2019*) beginning from AY 2011-12 till AY 2018-19. Income Tax authorities has filed claim in Form C dated 04.02.2021 for INR 10,24,276.42 lakhs (*includes demand of Rs. 9,06,439.31 lakhs along with additional interest of INR 1,17,837.11 lakhs*). Out of total, only INR 64,437.54 lakhs has been admitted by the Liquidator and recognized in books of accounts as liability and balance amount of INR 9,59,838.38 Lakhs is under appeal.

6. EMPHASIS OF MATTER

We draw attention to the following matters in the financial results:

- a. Attention is drawn to Kwaliti Dairy Products FZE, Wholly Owned Subsidiary of Kwaliti Limited ("KDPF"). The trading license of KDPF, which has discontinued the business during the previous financial year (2018-19) expired on 30 October 2019. Consequently, KDPF is no longer able to carry out any business activities. In view of continuing default in payment of dues by KDPF, certain lenders sent notices / letters recalling their loans given and further issued legal notices and/or filed petition/cases for recovery of loans before various authorities. Court of Dubai on 12 November 2019 issued order for recovery of dues of Bank of Baroda, Dubai from KDPF. Corporate guarantee given by M/s Kwaliti Limited and personal guarantee by guarantors have been invoked by Bank of Baroda and IDBI Bank and filed their dues with the liquidator. KDPF current assets and liabilities are stated at the values at which they are realizable and payable. KDPF investment property(s) is valued on the basis of realizable value (assets are held for sale).
- b. The Financial Creditors who have already filed application under IBC, 2016 have registered a case of Criminal Conspiracy/ Forgery/ Cheating/ Criminal Misconduct with Central Bureau of Investigation ("CBI") under the provisions of Prevention of Corruption Act, 1988. The said case has been filed with the CBI for the offences of wrongful gain to the company and wrongful loss to the Banks. The CBI inspected the registered office of the company along with other business locations as on 21st September, 2020 and the Investigation is in process.
- c. The Company has recognized impairment loss amounting to INR 14323.94 lakhs on carrying value of tangible assets, capital work in progress and intangible assets in accordance with requirements of Indian Accounting Standard 36 on "Impairment of Assets". Estimated liquidation value as going concern basis represents average of the valuation as at 11 January 2021 determined by the two independent valuers. Consequently, the impairment loss of INR 15,090.91 Lakhs (basis valuation carried out during CIRP) have been restated to INR 14,308.55 Lakhs in the books by the company resulting in reversal of INR 782.36 Lakhs towards impairment. Further, INR 15.39 Lakhs impairment made on the basis of sales realizable value in the books of subsidiary 'KDPF' for property sold by Bank of Baroda Dubai to realise its dues. Final impact on the value of tangible and intangible assets as required by Ind-AS 36 on 'Impairment of Assets' shall be ascertained on the time of sale of Assets.

Our conclusion is not modified in respect of above matters.

7. We have reviewed the subsequent realization of the Trade Receivables to whom the company had made sales during the quarter. Most of the Trade Receivables reported by the company were subsequently realized. In other cases the Trade Receivables are subject to Balance Confirmations.

For B RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No. : 011798N

Parshant Digitally signed by
Parshant Gogna
Date: 2021.09.08
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Gogna

ParshantGogna

Membership No.555644

Partner

UDIN:- 21555644AAAAAU8633

Place: Delhi

Date: 08 September 2021