



Date: November 21, 2019

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

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. November 21, 2019 concluded at 06: 15 PM 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 half year ended as on 30th September, 2019.
2. The Standalone and Consolidated Statement of Assets and Liabilities for the quarter and half year ended as on 30th September, 2019.
3. The Limited Review Report given by the Statutory Auditors for the quarter and half year ended as on 30th September, 2019.

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

Thanking You, Limited
For Kwality Limited


Pradeep K. Srivastava
Company Secretary & Compliance Officer

(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 11th December 2018 and continued as Resolution Professional by the Committee of Creditors in its meeting held on 11th January, 2019 under the provisions of the Code.)





To

The Resolution Professional of Kwaliti Limited

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

Independent auditor's limited review report on unaudited standalone financial results of the company for the quarter and half year ended 30th September, 2019, pursuant to the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

1. We have reviewed the accompanying statement of unaudited standalone financial results of Kwaliti Limited (the "Company") for the quarter and half year ended 30th September, 2019. This statement is the responsibility of the Company's management and has been approved by the Resolution Professional of the Company. Our responsibility is to issue a report on these financial statements based on our review.

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 Kwaliti 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.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE)2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. It is substantially less in scope than an audit conducted in accordance with the Standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion.
3. Based on our review, nothing has come to our notice that causes us to believe that the accompanying statement of standalone unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 including the manner in which it is so disclosed or that it contains any material misstatement.



**4. BASIS FOR MODIFIED CONCLUSION**

- a. The Company has incurred a Net loss of INR 7,529.91 lakhs and erosion of its Net worth as at September 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.

5. Emphasis of Matter:

We draw attention to the following:

- a. Internal audit report is yet to be received.
- b. 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 September 2019 amounting to INR 29,881.67 lakhs and INR 78.97 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 September 2019 in the value of tangible and intangible assets.
- c. 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





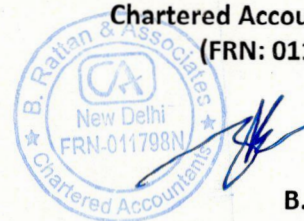
accepted by RP which will be dealt basis the resolution plan, if any, approved by the NCLT going forward.

There is an outstanding TDS of INR 481.22 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 September 2019. Interest payable on the outstanding TDS is estimated at INR 107.23 lakhs (includes INR 98.89 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.

- d. 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 on the Statement is not modified in respect of the above matter.

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



B.K.Karn
Partner

Membership Number: 094790

Place: New Delhi
Date: November 21, 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 and half year ended 30 Sep 2019

(INR in Lakhs)

Sr.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 Sep 2019	30 June 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 March 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	3,212.06	4,798.62	35,112.00	8,010.68	1,61,360.31	2,08,923.25
	(b) Other income	5.06	6.06	71.67	11.12	402.29	457.75
	Total Income	3,217.12	4,804.68	35,183.67	8,021.80	1,61,762.60	2,09,381.00
2	Expenses						
	(a) Cost of materials consumed	2,143.82	3,224.22	25,684.66	5,368.04	1,24,298.96	1,59,421.85
	(b) Purchases of stock-in-trade	-	2.90	-	2.90	3,975.61	3,975.61
	(c) Change in inventories of finished goods, stock in trade and work-in-progress	244.45	358.95	4,994.46	603.40	12,615.65	17,241.18
	(d) Employee benefits expense	316.48	438.32	1,379.97	754.80	3,077.56	4,153.62
	(e) Finance costs	-	-	6,218.87	-	12,020.94	18,822.66
	(f) Depreciation and amortisation expense	885.60	886.34	3,434.26	1,771.94	6,183.15	13,010.34
	(g) Other expenses	943.53	6,107.10	89,595.97	7,050.63	95,296.49	2,87,600.69
	Total Expenses	4,533.88	11,017.83	1,31,308.19	15,551.71	2,57,468.36	5,04,225.95
3	Profit/(Loss) Before Tax (1-2)	(1,316.76)	(6,213.15)	(96,124.52)	(7,529.91)	(95,705.76)	(2,94,844.95)
4	Tax expense:						
	(a) Current tax	-	-	(562.37)	-	-	5.99
	(b) Deferred tax	-	-	(492.93)	-	(740.81)	(92.99)
	Total Tax Expenses	-	-	(1,055.30)	-	(740.81)	(87.00)
5	Net Profit/(Loss) for the Period after Tax (3-4)	(1,316.76)	(6,213.15)	(95,069.22)	(7,529.91)	(94,964.95)	(2,94,757.95)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	44.95	4.39	(1.51)	49.34	(3.01)	28.57
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	0.52	-	1.05	-
	Total Other Comprehensive Income/(Loss)	44.95	4.39	(0.99)	49.34	(1.96)	28.57
7	Total comprehensive income/(Loss) (5+6)	(1,271.81)	(6,208.76)	(95,070.21)	(7,480.57)	(94,966.91)	(2,94,729.38)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(0.55)	(2.57)	(39.39)	(3.12)	(39.35)	(122.13)
	(b) Diluted (INR)	(0.55)	(2.57)	(39.39)	(3.12)	(39.35)	(122.13)
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	2,413.54	2,413.54
10	Other equity	-	-	-	-	-	(1,84,070.61)



Shard Bhandari

Shard Bhandari
IP Registration no. 10568
IBBI/IPA-001/IP-P00304
Resolution Professional
Kwality Limited



Kwality Limited
Unaudited Standalone Statement of Assets and Liabilities
(INR in Lakhs)

Particulars	30 Sep 2019	31 March 2019
ASSETS		
Non-Current Assets		
Property, plant and equipment	29,219.51	31,158.43
Capital work-in-progress	662.16	662.16
Other intangible assets	78.97	95.95
Financial assets		
Investments	17.27	16.66
Loans	166.56	166.56
Other financial assets	63.02	60.93
Other non-current assets	-	4,915.63
Total Non-Current Assets	30,207.49	37,076.32
Current Assets		
Inventories	531.60	1,226.53
Financial Assets		
Trade receivables	4,906.16	5,823.16
Cash and cash equivalents	218.54	186.90
Other bank balances	163.50	159.61
Loans	9.17	13.34
Other current assets	585.70	576.64
Total Current Assets	6,414.67	7,986.18
Total Assets	36,622.16	45,062.50
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,413.54	2,413.54
Other equity	(1,91,551.18)	(1,84,070.61)
Total Equity	(1,89,137.64)	(1,81,657.07)
Liabilities		
Non-Current Liabilities		
Other non-current liabilities	419.67	431.29
Provisions	143.69	223.32
Total Non-Current liabilities	563.36	654.61
Current Liabilities		
Financial liabilities		
Borrowings	1,82,945.40	1,82,946.79
Trade payables	6,462.46	7,059.51
Other financial liabilities	15,634.09	16,033.96
Other current liabilities	1,297.70	1,157.85
Provisions	42.11	52.17
Current tax liabilities (net)	18,814.68	18,814.68
Total Current Liabilities	2,25,196.44	2,26,064.96
Total Equity and Liabilities	36,622.16	45,062.50



2

Shard Sharma
Shard Sharma

IP Registration
IBB/IPA-001/IP-
Resolution Professional
Kwality Limited



Kwality Limited
Unaudited Standalone Cash Flow Statement

	Six month ended		Year ended
	30 Sep 2019	30 Sep 2018	31 March 2019
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	(7,529.91)	(95,705.76)	(2,94,844.95)
Adjustments for:			
Depreciation and amortisation expense	1,771.94	6,183.15	13,010.34
Loss on discard of fixed assets	183.91	109.82	6,655.01
Profit on Sale of fixed assets	(0.16)	(36.07)	(56.45)
Interest income	(5.98)	(35.44)	(40.81)
Unrealised foreign exchange fluctuation (net)	-	812.78	739.09
Finance costs	-	12,020.94	18,822.66
Share based payment expense	-	1,300.44	1,447.53
Provision for doubtful receivables	-	120.10	1,59,719.70
Provision for doubtful advances	4,915.63	-	20,281.86
Provision for Investment	-	-	1,902.75
Movement in provision for employee benefits	(40.36)	(32.34)	(208.84)
Release of derivative liability redeemable debentures	-	(332.46)	(350.72)
Discard of Packing Material	13.54	-	212.87
Reinstatement of Non Current Investment as per Market Value	(0.61)	(0.21)	(1.00)
Scheme/Discount/Bad debts	-	86,335.77	86,335.77
Operating profit before working capital changes	(692.00)	10,740.72	13,624.81
Movement in working capital			
Decrease/(Increase) in non - current loans	-	(81.43)	(87.27)
Decrease/(Increase) in current loans	4.17	17.47	35.02
Decrease/(Increase) in inventories	681.40	14,506.81	19,573.83
Decrease/(Increase) in other financial assets	-	(23.26)	78.84
Decrease/(Increase) in other non current assets	-	13,938.87	8,963.24
Decrease/(Increase) in other current assets	(9.07)	18,551.89	30,984.98
Decrease/(Increase) in trade receivables	917.00	(75,701.67)	(81,653.92)
(Decrease)/Increase in other liabilities	128.24	441.72	232.05
(Decrease)/Increase in other financial liabilities	(399.87)	111.45	(44.74)
(Decrease)/Increase in trade and other payables	(597.05)	4,735.16	(5,984.17)
Change in Working Capital	724.82	(23,502.99)	(27,902.14)
Cash flow from operating activities post working capital changes	32.82	(12,762.27)	(14,277.33)
Income tax paid (net)	-	(431.52)	(441.32)
Net cash flow from operating activities (A)	32.82	(13,193.79)	(14,718.65)
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work-in-progress)	-	(64.18)	(70.15)
Proceeds from sale/disposal of fixed assets	0.22	87.75	172.76
Movement in fixed deposits and Other Bank Balance (net)	-	1,692.00	1,700.78
Interest received	-	35.44	40.81
Net cash flows used in investing activities (B)	0.22	1,751.01	1,844.20
C CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/ (Repayment) of borrowings (net)	(1.39)	12,565.56	14,467.38
Finance cost paid	-	(7,314.78)	(7,633.32)
Dividend paid (including tax)	-	(0.02)	(7.19)
Net cash flow from financing activities (C)	(1.39)	5,250.76	6,826.87
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	31.64	(6,192.02)	(6,047.58)
Cash and cash equivalents at the beginning of the year	186.90	6,234.48	6,234.48
Cash and cash equivalents at the end of the year	218.54	42.46	186.90

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalent as per above comprise of the following

Cash and Cash equivalents

Balance as per statement of cash flows

218.54	42.46	186.90
218.54	42.46	186.90



Shallendra
IP Registration no.
IBBI/IPA-001/IP-P0030-
Resolution Professional
Kwality Limited

10568

Shard Bhandari



Notes to the Standalone Financial Results:

1. The Corporate Insolvency Resolution Process ("CIRP") was initiated, on an application filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company") vide admission Order dated 11 December 2018 ("Insolvency Commencement Date") passed by the Hon'ble National Company Law Tribunal ("NCLT"), Delhi Bench, under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Shailendra Ajmera IP Registration No. IBB1/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 he was continued and appointed 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 applicable provisions of the Code, the power of the Board of Directors stood suspended and same is being exercised by 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. Further, vide Order dated 06 September 2019, the CIRP stood further extended for another period of 60 days (i.e. 330 days from the insolvency commencement date).

Resolution Plan dated 17 October 2019 of Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. (Resolution Applicant) along with Addendum 1 dated 28 October 2019 and Addendum 2 dated 31 October 2019 for Kwaliti Limited was put to vote between 1st to 2nd November 2019 and was not approved in terms of the requirement of Section 30(4) of the Code.

Pursuant to the communication of the said outcome of the voting result of the CoC to the Resolution Applicant vide an e-mail, the Resolution Applicant submitted 'Addendum 3 dated 4th November 2019' (Addendum 3), which was circulated to the members of the CoC via email by the RP. It was decided in the 22nd CoC meeting held on 05 November 2019 that the members of the CoC will be not be considering the Addendum 3 submitted by the Resolution Applicant due to paucity of time since the statutory period for completion of the corporate insolvency resolution process under section 12 was coming to an end and further, it was concluded that the Resolution Professional shall act in accordance with the provisions of law. An application was subsequently filed by the Resolution Professional ("RP") in this regard with Hon'ble NCLT on 8th November 2019.

On 6th November 2019, the Resolution Applicant has also filed an application with Hon'ble NCLT in respect of Kwaliti Limited, for considering the following prayers: (a) Directing the RP to place the revised offer, vide Addendum 3 submitted by the resolution applicant, before the CoC for consideration; (b) Declaring that the CIRP period would extend till 14th November 2019 (instead of 6th November 2019) in terms of the third proviso to Section 12(3) of the Insolvency and Bankruptcy Code (Amendment) Act of 2019 which became effective from 16th August 2019 and (c) Direct RP to record and convey to the Resolution Applicant the reasons of each CoC member for rejecting/ approving the resolution plan along with sharing the CoC minutes of the last three CoC meetings with the Resolution Applicant.

Vide order dated 14th November 2019, Hon'ble NCLT on consideration of the Application filed by the Resolution Applicant granted extension of the CIRP by three weeks and directed the CoC to consider the revised offer made by the Resolution Applicant.

These standalone financial results for the quarter and half year ended 30 September 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 21 November 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 and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 21 November 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 in discharge of the powers of the Board of Directors of the Company (suspended during CIRP) 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 September 2019 amounting to INR 29,881.67 lakhs and INR 78.97 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 September 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
	Total Financial Creditors	2,00,968.86	1,97,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,269.92
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.

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

Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the outcome of the proceedings pending with NCLT going forward refer note 1 for further details.

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. Pending the final outcome of the proceedings pending with NCLT as mentioned in note 1, no provision in the books of accounts has been made for excess claims submitted in respect of financial /operational/other creditors and no corresponding accounting effect in respect of such creditors has been given.



4.

IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Resolution Professional
Kwaliti Limited

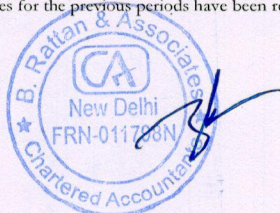
5. The tax payable (including interest) amounting to INR 18,814.68 lakhs under the Income Tax Act of 1961 for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company. The Company has received orders from the income tax authorities under Section 279(1) read with Section 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.

There is an outstanding TDS of INR 481.22 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 September 2019. Interest payable on the outstanding TDS is estimated at INR 107.23 lakhs (includes INR 98.89 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.

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

Particulars	Quarter Ended 30 September 2019	Quarter Ended 30 June 2019
	(INR in lakhs)	
Provision for doubtful advances	-	4,915.63
Write-off of Property, Plant and Equipment	177.62	6.29
Discard of Packing Material	4.06	9.48
Total	181.68	4,931.40

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



Place: Delhi
Date: 21 November 2019

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

Sharad Bhandari
Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPPB5053P

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





To

The Resolution Professional of

Kwality Limited

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

Independent auditor's limited review report on unaudited consolidated financial results of the company for the quarter and half year ended 30th September, 2019, Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Kwality Limited ("the Parent"), reviewed by us and its subsidiary reviewed by other auditors (the Parent and its subsidiaries together referred to as "the Group") and its proportionate share of the profit/loss after tax and total comprehensive income/loss of its subsidiary for the quarter and half year ended 30th September, 2019 and the period 1st April, 2019 to 30th September, 2019 "the Statement" being submitted by the "Parent" pursuant to the requirement of Regulation 33 of the SEBI (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 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.

2. This statement which is the responsibility of the Parent's management and being approved by the Parent's Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in IND AS 34-"Interim Financial Reporting" prescribed under Section 133 of The Companies Act, 2013 and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the statement based on our review.
3. 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 Auditors of the Entity" issued by The Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. It is substantially less in scope than an audit conducted in accordance with the Standards on auditing and consequently does not enable us to obtain assurance that we would become





aware of all significant matters that may be identified in an audit .Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circulars issued by SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended, to the extent applicable.

4. The statement includes the results of the following entity:

Subsidiary

(i) Kwaliti Dairy Products FZE.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above , and based upon the consideration of the review reports of other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in aforesaid IND AS and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 including the manner in which it is so disclosed or that it contains any material misstatement.

6. BASIS FOR MODIFIED CONCLUSION

- a. The Company has incurred a Net loss of INR 8,298.22 lakhs and erosion of its Net worth as at September 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.

7. Emphasis of Matter:

We draw attention to the following:

- a. Internal audit report is yet to be received.





- b. 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 September 2019 amounting to IN lakhs 29,881.67 and INR 78.97 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 September 2019 in the value of tangible and intangible assets.
- c. 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 481.22 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 September 2019. Interest payable on the outstanding TDS is estimated at INR 107.23 lakhs (includes INR 98.89 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.

- d. 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.
- e. 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 on the Statement is not modified in respect of the above matters.

These interim financial results of the subsidiary has been reviewed by other auditors and furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the reports of other auditors, and the procedures performed by us as stated in Paragraph 3 above, our conclusion on the Statement is not modified in respect of the above matters.

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



B.K.Karn
Partner

Membership Number: 094790

Place: New Delhi
Date: November 21, 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 and half year ended 30 Sep 2019

(INR in Lakhs)

S.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 Sep 2019	30 June 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 March 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	3,212.06	4,798.62	35,402.59	8,010.68	1,65,519.29	2,12,987.54
	(b) Other income	13.03	6.06	71.95	19.09	407.76	481.41
	Total Income	3,225.09	4,804.68	35,474.54	8,029.77	1,65,927.05	2,13,468.95
2	Expenses						
	(a) Cost of materials consumed	2,143.82	3,224.22	25,684.66	5,368.04	1,24,298.96	1,59,421.85
	(b) Purchases of stock-in-trade	-	2.90	(575.32)	2.90	6,448.08	5,194.66
	(c) Change in inventories of finished goods, stock in trade and work-in-progress	244.45	358.95	5,732.78	603.40	13,979.67	19,861.06
	(d) Employee benefits expense	316.48	438.32	1,394.30	754.80	3,111.42	4,189.82
	(e) Finance costs	522.22	245.22	6,395.13	767.44	12,438.66	19,808.30
	(f) Depreciation and amortisation expense	885.60	886.34	3,443.98	1,771.94	6,204.03	13,035.79
	(g) Other expenses	948.93	6,110.54	89,619.34	7,059.47	95,352.92	3,13,659.38
	Total Expenses	5,061.50	11,266.49	1,31,694.87	16,327.99	2,61,833.74	5,35,170.86
3	Profit/(Loss) Before Tax (1-2)	(1,836.41)	(6,461.81)	(96,220.33)	(8,298.22)	(95,906.69)	(3,21,701.91)
4	Tax expense:						
	(a) Current tax	-	-	(562.37)	-	-	5.99
	(b) Deferred tax	-	-	(492.93)	-	(740.81)	(92.99)
	Total Tax Expenses	-	-	(1,055.30)	-	(740.81)	(87.00)
5	Net Profit/(Loss) for the Period after Tax (3-4)	(1,836.41)	(6,461.81)	(95,165.03)	(8,298.22)	(95,165.88)	(3,21,614.91)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	44.95	4.39	(1.51)	49.34	(3.01)	28.57
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	0.52	-	1.05	-
	(c) Items that will be reclassified to profit and loss	(298.03)	74.63	882.35	(223.40)	1,573.81	925.31
	Total Other Comprehensive Income/(Loss)	(253.08)	79.02	881.36	(174.06)	1,571.85	953.88
7	Total comprehensive income/(Loss) (5+6)	(2,089.49)	(6,382.79)	(94,283.67)	(8,472.28)	(93,594.03)	(3,20,661.03)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(0.76)	(2.68)	(39.43)	(3.44)	(39.43)	(133.25)
	(b) Diluted (INR)	(0.76)	(2.68)	(39.43)	(3.44)	(39.43)	(133.25)
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	2,413.54	2,413.54
10	Other equity	-	-	-	-	-	(1,95,967.61)



Shalendra Agnihotri

Shalendra Agnihotri

IP Registration no.
IBBI/IPA-001/IP-P00304 2017-10/10568
Resolution Professional
Kwality Limited



Kwality Limited
Unaudited Consolidated Statement of Assets and Liabilities

(INR in Lakhs)

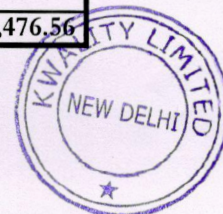
Particulars	30 Sep 2019	31 March 2019
ASSETS		
Non-Current Assets		
Property, plant and equipment	29,219.51	31,158.43
Capital work-in-progress	662.16	662.16
Other intangible assets	78.97	95.95
Financial assets		
Investments	17.27	16.66
Loans	166.56	166.56
Other financial assets	63.02	60.93
Other non-current assets	-	4,915.63
Total Non-Current Assets	30,207.49	37,076.32
Current Assets		
Inventories	531.60	1,226.53
Financial Assets		
Trade receivables	4,906.16	5,823.16
Cash and cash equivalents	219.50	187.33
Other bank balances	163.50	159.61
Loans	18.02	25.82
Other current assets	587.37	576.88
Asset held for sale	408.20	400.91
Total Current Assets	6,834.35	8,400.24
Total Assets	37,041.84	45,476.56
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,413.54	2,413.54
Other equity	(2,04,439.89)	(1,95,967.61)
Total Equity	(2,02,026.35)	(1,93,554.07)
Liabilities		
Non-Current Liabilities		
Other non-current liabilities	419.67	431.29
Provisions	143.69	223.32
Total Non-Current liabilities	563.36	654.61
Current Liabilities		
Financial liabilities		
Borrowings	1,96,252.81	1,95,256.20
Trade payables	6,463.44	7,061.16
Other financial liabilities	15,634.09	16,033.96
Other current liabilities	1,297.70	1,157.85
Provisions	42.11	52.17
Current tax liabilities (net)	18,814.68	18,814.68
Total Current Liabilities	2,38,504.83	2,38,376.02
Total Equity and Liabilities	37,041.84	45,476.56



IP Registration no.
 IBBI/IPA-001/IP-P00304/2017-18/10568
 Resolution Professional
 Kwality Limited

2.

Shard Bhandari
[Signature]



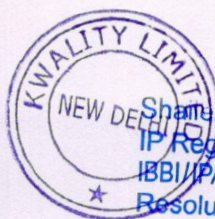
Kwality Limited**Unaudited Consolidated Cash Flow Statement**

(All amount in INR lakhs, unless otherwise stated)

	Half year ended		Year ended
	30 Sep 2019	30 Sep 2018	31 March 2019
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	(8,298.22)	(95,906.69)	(3,21,701.91)
Adjustments for:			
Depreciation and amortisation expense	1,771.94	6,202.96	13,035.79
Loss on discard of fixed assets	183.91	109.82	6,659.72
Loss on impairment of fixed assets	-	-	203.13
Profit on Sale of fixed assets	(0.16)	(37.89)	(56.45)
Interest income	(5.98)	(35.57)	(40.93)
Unrealised foreign exchange fluctuation (net)	-	812.78	739.09
Finance costs	767.44	12,438.66	19,808.30
Share based payment expense	-	1,300.44	1,447.53
Provision written back	(7.11)	-	-
Provision for doubtful receivables	-	120.10	1,78,285.27
Provision for doubtful advances	4,915.63	-	29,398.95
Movement in provision for employee benefits	(40.36)	(32.34)	(208.84)
Release of derivative liability redeemable debentures	-	(332.46)	(350.72)
Discard of Packing Material	13.54	-	212.87
Reinstatement of Non Current Investment as per Market Value	(0.61)	(0.21)	(1.00)
Scheme/Discount/Bad debts	-	86,335.77	86,335.77
Operating profit before working capital changes	(699.98)	10,975.36	13,766.57
Movement in working capital			
Decrease/(Increase) in non - current loans	-	(81.43)	(87.27)
Decrease/(Increase) in current loans	7.81	17.47	22.54
Decrease/(Increase) in inventories	681.40	16,082.82	22,193.71
Decrease/(Increase) in other financial assets	-	(23.26)	103.02
Decrease/(Increase) in other non current assets	-	13,938.87	8,963.24
Decrease/(Increase) in other current assets	(10.50)	16,035.00	28,023.21
Decrease/(Increase) in trade receivables	924.11	(73,328.38)	(80,532.59)
(Decrease)/Increase in other liabilities	128.24	441.72	232.05
(Decrease)/Increase in other financial liabilities	(399.87)	111.45	(44.74)
(Decrease)/Increase in trade and other payables	(597.73)	3,515.84	(8,263.04)
Change in Working Capital	733.46	(23,289.90)	(29,389.87)
Cash flow from operating activities post working capital changes	33.48	(12,314.54)	(15,623.30)
Income tax paid (net)	-	(431.52)	(441.32)
Net cash flow from operating activities (A)	33.48	(12,746.06)	(16,064.62)
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work-in-progress)	-	(64.18)	(70.15)
Proceeds from sale/disposal of fixed assets	0.22	159.14	273.56
Movement in fixed deposits and Other Bank Balance (net)	-	2,162.74	2,911.62
Interest received	-	35.57	40.93
Net cash flows used in investing activities (B)	0.22	2,293.27	3,155.96
C CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/ (Repayment) of borrowings (net)	(1.39)	12,182.99	14,083.63
Finance cost paid	(0.34)	(7,732.49)	(8,341.61)
Dividend paid (including tax)	-	(0.02)	(7.19)
Net cash flow from financing activities (C)	(1.73)	4,450.48	5,734.83
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	31.97	(6,002.31)	(7,173.83)
Cash and cash equivalents at the beginning of the year	187.33	6,484.11	6,484.11
Effect of foreign exchange on foreign operation	0.20	(183.82)	877.05
Cash and cash equivalents at the end of the year	219.50	297.98	187.33

Reconciliation of cash and cash equivalents as per the cash flow statement
Cash and cash equivalent as per above comprise of the following

Cash and Cash equivalents	219.50	297.98	187.33
Balance as per statement of cash flows	219.50	297.98	187.33



Shamendra Ajmera
IP Registration no.
IBBI/PA-001/IP-P00304/2017-18/10568
Resolution Professional
Kwality Limited

Shard Sharma
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Notes to the Consolidated Financial Results:

1. The Corporate Insolvency Resolution Process ("CIRP") was initiated, on an application filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company") vide admission Order dated 11 December 2018 ("Insolvency Commencement Date") passed by the Hon'ble 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 he was continued and appointed 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 applicable provisions of the Code, the power of the Board of Directors stood suspended and same is being exercised by 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. Further, vide Order dated 06 September 2019, the CIRP stood further extended for another period of 60 days (i.e. 330 days from the insolvency commencement date).

Resolution Plan dated 17 October 2019 of Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. (Resolution Applicant) along with Addendum 1 dated 28 October 2019 and Addendum 2 dated 31 October 2019 for Kwaliti Limited was put to vote between 1st to 2nd November 2019 and was not approved in terms of the requirement of Section 30(4) of the Code.

Pursuant to the communication of the said outcome of the voting result of the CoC to the Resolution Applicant vide an e-mail, the Resolution Applicant submitted 'Addendum 3 dated 4th November 2019' (Addendum 3), which was circulated to the members of the CoC via email by the RP. It was decided in the 22nd CoC meeting held on 05 November 2019 that the members of the CoC will be not be considering the Addendum 3 submitted by the Resolution Applicant due to paucity of time since the statutory period for completion of the corporate insolvency resolution process under section 12 was coming to an end and further, it was concluded that the Resolution Professional shall act in accordance with the provisions of law. An application was subsequently filed by the Resolution Professional (RP) in this regard with Hon'ble NCLT on 8th November 2019.

On 6th November 2019, the Resolution Applicant has also filed an application with Hon'ble NCLT in respect of Kwaliti Limited, for considering the following prayers: (a) Directing the RP to place the revised offer, vide Addendum 3 submitted by the resolution applicant, before the CoC for consideration; (b) Declaring that the CIRP period would extend till 14th November 2019 (instead of 6th November 2019) in terms of the third proviso to Section 12(3) of the Insolvency and Bankruptcy Code (Amendment) Act of 2019 which became effective from 16th August 2019 and (c) Direct RP to record and convey to the Resolution Applicant the reasons of each CoC member for rejecting/ approving the resolution plan along with sharing the CoC minutes of the last three CoC meetings with the Resolution Applicant.

Vide order dated 14th November 2019, Hon'ble NCLT on consideration of the Application filed by the Resolution Applicant granted extension of the CIRP by three weeks and directed the CoC to consider the revised offer made by the Resolution Applicant.

These consolidated financial results for the quarter and half year ended 30 September 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 21 November 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 and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 21 November 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 in discharge of the powers of the Board of Directors of the Company (suspended during CIRP) 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 September 2019 amounting to INR 29,881.67 lakhs and INR 78.97 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 September 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* (INR in lakhs)	Claims Admitted* (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
	Total Financial Creditors	2,00,968.86	1,97,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,269.92
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.

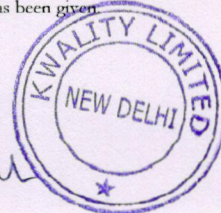
Includes INR 117.92 lakhs in relation to un-invoked bank guarantees received and admitted as contingent claim without any voting rights

Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the outcome of the proceedings pending with NCLT going forward refer note 1 for further details.

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. Pending the final outcome of the proceedings pending with NCLT as mentioned in note 1, no provision in the books of accounts has been made for excess claims submitted in respect of financial /operational/other creditors and no corresponding accounting effect in respect of such creditors has been given.



Shailendra Ajmera
IP Registration no.
IBBI/PA-001/IP-P00304/2017-18/10568
Resolution Professional
Kwaliti Limited



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.

There is an outstanding TDS of INR 481.22 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 September 2019. Interest payable on the outstanding TDS is estimated at INR 107.23 lakhs (includes INR 98.89 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.

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

Particulars	Quarter Ended 30 September 2019	Quarter Ended 30 June 2019
	(INR in lakhs)	
Provision for doubtful advances	-	4,915.63
Write-off of Property, Plant and Equipment	177.62	6.29
Discard of Packing Material	4.06	9.48
Total	181.67	4,931.40

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.



Place: Delhi
Date: 21 November 2019

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

Sharad Bhandari
Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPPB5053P

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

