



Date: November 29, 2021

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 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. November 29, 2021, concluded at 06: 15 P.M. chaired by Liquidator along with the KMP, Mr. Sharad Bhandari, Chief Finance Officer of Kwality Limited to discuss and approve the following matters:

1. The Standalone and Consolidated Unaudited Financial Results for the quarter & half year ended as on 30th September, 2021.
2. The Limited Review Report given by the Statutory Auditors for the quarter & half year ended as on 30th September, 2021.
3. The Standalone and Consolidated Cash Flow Statement for the quarter & half year ended as on 30th September, 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

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

Sharad Bhandari
(Chief Finance 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 and half year ended 30 September 2021

(INR in Lakhs)

Sr.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 Sep 2021	30 Jun 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	31 Mar 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	1,822.62	1,056.74	2,542.77	2,879.36	5,675.29	12,042.20
	(b) Other income	8.73	2.77	5.07	11.50	11.10	43.34
	Total Income	1,831.35	1,059.51	2,547.84	2,890.86	5,686.39	12,085.54
2	Expenses						
	(a) Cost of materials consumed	1,199.13	406.06	1,916.56	1,605.19	4,338.36	8,916.45
	(b) Change in inventories of finished goods and work-in-progress	20.94	5.14	83.04	26.08	222.37	253.02
	(c) Employee benefits expense	151.14	147.67	160.20	298.81	355.62	677.50
	(d) Finance costs	-	-	-	-	-	98,695.71
	(e) Depreciation and amortisation expense	283.38	280.29	739.20	563.67	1,481.11	2,573.01
	(f) Impairment of assets	-	-	-	-	-	14,308.55
	(g) Other expenses	491.88	416.39	739.48	908.27	1,419.58	22,460.49
	Total Expenses	2,146.47	1,255.55	3,638.48	3,402.02	7,817.04	1,47,884.73
3	Profit/(Loss) Before Tax (1-2)	(315.12)	(196.04)	(1,090.64)	(511.16)	(2,130.65)	(1,35,799.19)
4	Tax expense:						
	(a) Current tax	-	-	-	-	-	18,034.41
	(b) Deferred tax	-	-	-	-	-	-
	Total Tax Expenses	-	-	-	-	-	18,034.41
5	Net Profit/(Loss) for the Period after Tax (3-4)	(315.12)	(196.04)	(1,090.64)	(511.16)	(2,130.65)	(1,53,833.60)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	-	-	5.61	-	11.22	23.84
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-	-	-
	Total Other Comprehensive Income/(Loss)	-	-	5.61	-	11.22	23.84
7	Total comprehensive Income/(Loss) (5+6)	(315.12)	(196.04)	(1,085.03)	(511.16)	(2,119.43)	(1,53,809.76)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(0.13)	(0.08)	(0.45)	(0.21)	(0.88)	(63.74)
	(b) Diluted (INR)	(0.13)	(0.08)	(0.45)	(0.21)	(0.88)	(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	2,413.54	2,413.54
10	Other equity						(3,50,698.67)

Shailendra Ajmera



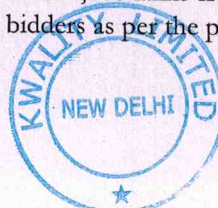
SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IPA00304/2017-18/10568
Liquidator of Kwality Limited

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

Particulars	As at	
	30 September 2021 (Unaudited)	31 March 2021 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,518.64	11,082.23
Capital work-in-progress	313.20	313.20
Other intangible assets	-	-
Financial assets		
Investments	-	-
Loans	-	-
Other financial assets	66.60	67.51
Total Non-Current Assets	10,898.44	11,462.94
Current Assets		
Inventories	113.82	165.00
Financial Assets		
Trade receivables	726.38	873.70
Cash and cash equivalents*	2,078.19	77.05
Other bank balances	178.53	173.77
Loans	144.05	145.31
Other current assets	205.49	244.97
Total Current Assets	3,446.46	1,679.80
Total Assets	14,344.90	13,142.74
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,413.54	2,413.54
Other equity	(3,51,209.83)	(3,50,698.67)
Total Equity	(3,48,796.29)	(3,48,285.13)
Liabilities		
Non-Current Liabilities		
Provisions	-	-
Total Non-Current liabilities	-	-
Current Liabilities		
Financial liabilities		
Borrowings	2,63,232.59	2,63,232.59
Trade payables	5,585.61	5,813.01
Other financial liabilities*	17,602.92	15,602.33
Other current liabilities	12,249.87	12,288.51
Provisions	134.65	131.54
Current tax liabilities (net)	64,335.55	64,359.89
Total Current Liabilities	3,63,141.19	3,61,427.87
Total Equity and Liabilities	14,344.90	13,142.74

* Amount as at 30 September 2021 includes Earnest Money Deposit of INR 2,000 lakhs from bidders out of which INR 1,500 lakhs has been refunded in the subsequent month to unsuccessful bidders as per the process memorandum.

Shreshth Shandani



SHAIKENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/1
Liquidator of Kwality Limited

(INR in Lakhs)

A CASH FLOW FROM OPERATING ACTIVITIES

	Half year ended 30 Sep 2021 (Unaudited)	30 Sep 2020 (Unaudited)	Year ended 31 March 2021 (Audited)
Profit/(loss) before tax	(511.16)	(2,130.65)	(1,35,799.19)
Adjustments for:			
Depreciation and amortisation expense	563.67	1,481.11	2,573.01
Impairment of Assets	-	-	14,308.55
Profit on Sale of fixed assets	-	(0.30)	(0.30)
Interest income	(4.34)	(7.24)	(14.65)
Finance costs	-	-	98,695.71
Invocation of Corporate guarantee	-	-	15,306.25
Provision for doubtful receivables	-	-	19.76
Write-back of provision for doubtful debts/advances	-	(0.30)	(9.79)
Movement in provision for employee benefits	3.11	(22.86)	(22.71)
Discard of Consumable Stores	14.59	-	-
Reinstatement of Non Current Investment as per Market Value	-	(0.20)	0.20
Operating profit / (loss) before working capital changes	65.87	(680.44)	(4,943.16)
Movement in working capital			
Decrease/(Increase) in non - current loans	-	-	160.05
Decrease/(Increase) in current loans	1.26	0.80	(138.76)
Decrease/(Increase) in inventories	36.59	283.02	344.09
Decrease/(Increase) in other current assets	39.48	(2.81)	(10.55)
Decrease/(Increase) in trade receivables	147.32	(492.54)	632.27
(Decrease)/Increase in other liabilities	(38.64)	(19.57)	4,020.60
(Decrease)/Increase in other financial liabilities	2,000.59	15.25	18.00
(Decrease)/Increase in trade and other payables	(227.40)	706.84	(283.18)
Change in Working Capital	1,959.20	490.99	4,742.52
Cash flow from/(used in) operating activities post working capital changes	2,025.07	(189.45)	(200.65)
Income tax paid (net)	(24.34)	(12.95)	(48.55)
Net cash flow from/(used in) operating activities (A)	2,000.73	(202.40)	(249.19)

B CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets (including capital work-in-progress)	(0.08)	-	-
Proceeds from sale/disposal of fixed assets	-	0.40	0.40
Proceeds from sale of investments	-	17.66	17.26
Movement in fixed deposits and Other Bank Balance (net)	-	5.52	4.79
Interest received	0.49	0.63	1.73
Net cash flows from/(used in) investing activities (B)	0.41	24.21	24.18

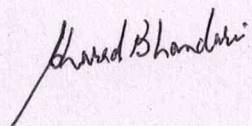
C CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds/ (Repayment) of borrowings (net)	-	-	-
Net cash flow/(used in) financing activities (C)	-	-	-
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	2,001.14	(178.19)	(225.01)
Cash and cash equivalents at the beginning of the year	77.05	302.06	302.06
Cash and cash equivalents at the end of the year	2,078.19	123.87	77.05

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	2,078.19	123.87	77.05
Balance as per statement of cash flows	2,078.19	123.87	77.05




SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwality Limited

Notes to the unaudited Standalone Financial Results for the quarter and half year ended 30 September 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, (In Liquidation) (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 terms of Regulation 31A of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter, "Liquidation Process Regulations"), the Liquidator constituted, the Stakeholders Consultation Committee (hereinafter, "SCC") of the Corporate Debtor. In accordance with Regulation 32A of the Liquidation Process Regulations, the Stakeholders Consultation Committee of the Corporate Debtor 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. Based on recommendation of the SCC, in accordance with Section 35(1)(e) read with Regulation 32(e) & (f), Regulation 32A and Regulation 2B of the Liquidation Process Regulations read with Order dated 11th January 2021 passed by the Hon'ble NCLT, the Liquidator took steps 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. In pursuance thereto, the Liquidator vide advertisement dated 11 February 2021 invited prospective bidders to submit their expression of interest for purchase of the Corporate Debtor or its business as going concern.

In light of the same, the Liquidator 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. Regulation 32A (3) of the Liquidation Process Regulations prescribed 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 application for extension 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 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 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.

The Liquidator of the Corporate Debtor conducted the E-Auction process on 24.09.2021 in accordance with the Process Memorandum dated 15.04.2021 read with the addendums issued from time to time for sale of the Corporate Debtor or its business as a going concern under the provisions of the IBC read with Liquidation Regulations wherein on the closing of the auction, Sarda Mines Private Limited emerged as the highest bidder ("Highest Bidder").

In accordance with the provisions of the IBC, Liquidation Regulations and the terms of the Process Memorandum, the Liquidator has issued Letter of Intent on 27.07.2021 ("LoI") in favour of the highest bidder for unconditional acceptance of LoI which has been executed by the highest bidder on 14.10.2021. Further, in accordance with the provisions of the IBC, Liquidation Regulations and the terms of the Process Memorandum, the highest bidder is required to deposit the entire sale consideration amount within 90 (ninety) days from the date of the signed LoI. Provided that payments made after 30 (thirty) days till maximum period of 90 (ninety) days shall attract simple interest at the rate of 12% p.a. on the highest bid as per the provision of the IBC. Therefore the process for sale in favour of Sarda Mines Private Limited is yet to conclude as the same shall be subject to satisfaction and performance of the provisions of the IBC, Liquidation Regulations and the Process Memorandum including orders of Hon'ble NCLT, if any. Further, Sarda Mines Private Limited has filled an application for seeking concessions and reliefs which is sub-judice before the Hon'ble NCLT.

These standalone financial results for the quarter and half year ended 30 September 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 and the CFO of the Corporate Debtor on 29 November 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 29 November 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. Impairment loss of INR 14,308.55 lakhs was recognised in the books by the Company in FY 2020-21. Impact, if any, on the value of the tangible and intangible assets in the preparation of financial results will be determined on consummation of the sale of the Company as a going Concern, which is yet to be concluded in accordance with the provisions of I&B Code.

Sharad Bhandari

SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwaliti Limited

Notes to the unaudited Standalone Financial Results for the quarter and half year ended 30 September 2021:

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	6,601.51	80,259.51
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	29,458.51	3,63,938.92

* 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. The Demand has 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 disputing the 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.

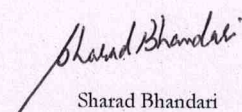
b. Pursuant to initiation of liquidation process, Income Tax department has filed its claim in Form C dated 4 February 2021 in terms of the Liquidation Process Regulations of INR 10,24,276.42 lakhs. The amount of INR 10,24,276.42 lakhs included demand of INR 9,06,439.31 lakhs as mentioned in 5(a) above 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.

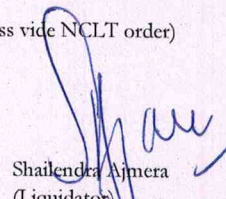
6. On September 21, 2020 the officers of the Central Bureau of Investigation ("CBI") inspected the registered office cum corporate office and other business locations of the Company for the purpose of the investigation under Case RC 2232020A0005 of CBI/AC-V registered on September 10, 2020 under the 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.

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

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

Place: Delhi
Date: 29 November 2021


Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPB5053P


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

SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwaliti Limited

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Parshant Gogna
Date: 2021.11.29
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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 September 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 315.12 lakhs and erosion of its Net worth as at September 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 9,59,838.88 lakhs 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
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Parshant Gogna

Membership No. 555644

Partner

UDIN:- 21555644AAAABR5072

Place: Delhi

Date: 29 November 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 and half year ended 30 September 2021

(INR in Lakhs)

S.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30 Sep 2021	30 June 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	31 Mar 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	1,822.62	1,056.74	2,542.77	2,879.36	5,675.29	12,042.20
	(b) Other income	8.73	2.77	5.07	11.50	11.10	43.34
	Total Income	1,831.35	1,059.51	2,547.84	2,890.86	5,686.39	12,085.54
2	Expenses						
	(a) Cost of materials consumed	1,199.13	406.06	1,916.56	1,605.19	4,338.36	8,916.45
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Change in inventories of finished goods and work -in-progress	20.94	5.14	83.04	26.08	222.37	253.02
	(d) Employee benefits expense	151.14	147.67	160.20	298.81	355.62	677.50
	(e) Finance costs	379.29	372.83	361.86	752.12	746.98	1,00,178.69
	(f) Depreciation and amortisation expense	283.38	280.29	739.20	563.67	1,481.11	2,573.01
	(g) Impairment of assets	-	-	-	-	-	14,323.94
	(h) Other expenses	491.88	416.39	739.48	908.27	1,419.58	7,154.36
	Total Expenses	2,525.76	1,628.38	4,000.34	4,154.14	8,564.02	1,34,076.97
3	Profit/(Loss) Before Tax (1-2)	(694.41)	(568.87)	(1,452.50)	(1,263.28)	(2,877.63)	(1,21,991.43)
4	Tax expense:						
	(a) Current tax	-	-	-	-	-	18,034.41
	(b) Deferred tax	-	-	-	-	-	-
	Total Tax Expenses	-	-	-	-	-	18,034.41
5	Net Profit/(Loss) for the Period after Tax (3-4)	(694.41)	(568.87)	(1,452.50)	(1,263.28)	(2,877.63)	(1,40,025.84)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	-	-	5.61	-	11.22	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	29.09	(252.09)	402.01	(223.00)	364.62	439.41
	Total Other Comprehensive Income/(Loss)	29.09	(252.09)	407.62	(223.00)	375.84	463.25
7	Total comprehensive Income/(Loss) (5+6)	(665.32)	(820.96)	(1,044.88)	(1,486.28)	(2,501.79)	(1,39,562.59)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(0.28)	(0.24)	(0.60)	(0.52)	(1.19)	(58.02)
	(b) Diluted (INR)	(0.28)	(0.24)	(0.60)	(0.52)	(1.19)	(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	2,413.54	2,413.54
10	Other equity						(3,51,019.59)



SHAIKENDRA AJMERA
IP Registration No.
IBBI/PA-001/IP-P00304/2017-18/10
Liquidator of Kwality Limited

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

Particulars	As at	
	30 September 2021 (Unaudited)	31 March 2021 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,518.64	11,082.23
Capital work-in-progress	313.20	313.20
Other intangible assets	-	-
Financial assets		
Investments	-	-
Loans	-	-
Other financial assets	66.60	67.51
Total Non-Current Assets	10,898.44	11,462.94
Current Assets		
Inventories	113.82	165.00
Financial Assets		
Trade receivables	726.38	873.70
Cash and cash equivalents*	2,079.20	78.05
Other bank balances	178.53	173.77
Loans	144.05	145.31
Other current assets	205.49	244.97
Asset held for sale	262.93	259.31
Total Current Assets	3,710.40	1,940.11
Total Assets	14,608.84	13,403.05
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,413.54	2,413.54
Other equity	(3,52,505.87)	(3,51,019.59)
Total Equity	(3,50,092.33)	(3,48,606.05)
Liabilities		
Non-Current Liabilities		
Provisions	-	-
Total Non-Current liabilities	-	-
Current Liabilities		
Financial liabilities		
Borrowings	2,64,792.57	2,63,813.82
Trade payables	5,585.61	5,813.01
Other financial liabilities*	17,602.92	15,602.33
Other current liabilities	12,249.87	12,288.51
Provisions	134.65	131.54
Current tax liabilities (net)	64,335.55	64,359.89
Total Current Liabilities	3,64,701.17	3,62,009.10
Total Equity and Liabilities	14,608.84	13,403.05

* Amount as at 30 September 2021 includes Earnest Money Deposit of INR 2,000 lakhs from bidders out of which INR 1,500 lakhs has been refunded in the subsequent month to unsuccessful bidders as per the process memorandum.

Shardul Bhandari



SHAILENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwality Limited

Kwality Limited
Unaudited Consolidated Cash Flow Statement

(INR in Lakhs)

	Half year ended 30 Sep 2021 (Unaudited)	30 Sep 2020 (Unaudited)	Year ended 31 Mar 2021 (Audited)
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	(1,263.28)	(2,877.63)	(1,21,991.43)
Adjustments for:			
Depreciation and amortisation expense	563.67	1,481.11	2,573.01
Impairment of Assets	-	-	14,323.94
Profit on Sale of fixed assets	-	(0.30)	(0.30)
Interest income	(4.34)	(7.24)	(14.65)
Finance costs	752.12	746.98	1,00,178.69
Provision for doubtful receivables	-	-	19.76
Write-back of provision for doubtful debts/advances	-	(0.30)	(9.79)
Foreign exchange fluctuation (net)	-	-	0.12
Movement in provision for employee benefits	3.11	(22.86)	(22.71)
Discard of consumables stores	14.59	-	-
Reinstatement of Non Current Investment as per Market Value	-	(0.20)	0.20
Operating profit/(loss) before working capital changes	65.87	(680.44)	(4,943.16)
Movement in working capital			
Decrease/(Increase) in non - current loans	-	-	160.05
Decrease/(Increase) in current loans	1.26	0.80	(138.76)
Decrease/(Increase) in inventories	36.59	283.02	344.09
Decrease/(Increase) in other current assets	39.48	(2.81)	(10.55)
Decrease/(Increase) in trade receivables	147.32	(492.54)	632.27
(Decrease)/Increase in other liabilities	(38.64)	(19.57)	4,020.60
(Decrease)/Increase in other financial liabilities	2,000.59	15.25	18.00
(Decrease)/Increase in trade and other payables	(227.40)	706.84	(283.18)
Change in Working Capital	1,959.20	490.99	4,742.52
Cash flow from/(used in) operating activities post working capital changes	2,025.07	(189.45)	(200.64)
Income tax paid (net)	(24.34)	(12.95)	(48.55)
Net cash flow from/(used in) operating activities (A)	2,000.73	(202.40)	(249.19)
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work-in-progress)	(0.08)	-	-
Proceeds from sale/disposal of fixed assets and assets held for sale	-	0.40	148.94
Proceeds from sale of investments	-	17.66	17.26
Movement in fixed deposits and Other Bank Balance (net)	-	5.52	4.79
Interest received	0.49	0.63	1.73
Net cash flows from /(used in) investing activities (B)	0.41	24.21	172.72
C CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/ (Repayment) of borrowings (net)	-	-	(148.55)
Net cash flow from/(used in) financing activities (C)	-	-	(148.55)
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	2,001.14	(178.19)	(225.02)
Cash and cash equivalents at the beginning of the year	78.05	303.09	303.09
Effect of foreign exchange on foreign operation	0.01	(0.03)	(0.02)
Cash and cash equivalents at the end of the year	2,079.20	124.87	78.05
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>			
Cash and cash equivalent as per above comprise of the following			
Cash and Cash equivalents	2,079.20	124.87	78.05
Balance as per statement of cash flows	2,079.20	124.87	78.05



SHAIENDRA AJMERA
 IP Registration No.
 IBB/IPA-001/IP-P00304/2017-18/10568
 Liquidator of Kwality Limited

Notes to the unaudited Consolidated Financial Results for the quarter and half year ended 30 September 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, (In Liquidation) (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 terms of Regulation 31A of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter, "Liquidation Process Regulations"), the Liquidator constituted, the Stakeholders Consultation Committee (hereinafter, "SCC") of the Corporate Debtor. In accordance with Regulation 32A of the Liquidation Process Regulations, the Stakeholders Consultation Committee of the Corporate Debtor 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. Based on recommendation of the SCC, in accordance with Section 35(1)(e) read with Regulation 32(e) & (f), Regulation 32A and Regulation 2B of the Liquidation Process Regulations read with Order dated 11th January 2021 passed by the Hon'ble NCLT, the Liquidator took steps 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. In pursuance thereto, the Liquidator vide advertisement dated 11 February 2021 invited prospective bidders to submit their expression of interest for purchase of the Corporate Debtor or its business as going concern.

In light of the same, the Liquidator 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. Regulation 32A (3) of the Liquidation Process Regulations prescribed 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 application for extension 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 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 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.

The Liquidator of the Corporate Debtor conducted the E-Auction process on 24.09.2021 in accordance with the Process Memorandum dated 15.04.2021 read with the addendums issued from time to time for sale of the Corporate Debtor or its business as a going concern under the provisions of the IBC read with Liquidation Regulations wherein on the closing of the auction, Sarda Mines Private Limited emerged as the highest bidder ("Highest Bidder").

In accordance with the provisions of the IBC, Liquidation Regulations and the terms of the Process Memorandum, the Liquidator has issued Letter of Intent on 27.07.2021 ("LoI") in favour of the highest bidder for unconditional acceptance of LoI which has been executed by the highest bidder on 14.10.2021. Further, in accordance with the provisions of the IBC, Liquidation Regulations and the terms of the Process Memorandum, the highest bidder is required to deposit the entire sale consideration amount within 90 (ninety) days from the date of the signed LoI. Provided that payments made after 30 (thirty) days till maximum period of 90 (ninety) days shall attract simple interest at the rate of 12% p.a. on the highest bid as per the provision of the IBC. Therefore the process for sale in favour of Sarda Mines Private Limited is yet to conclude as the same shall be subject to satisfaction and performance of the provisions of the IBC, Liquidation Regulations and the Process Memorandum including orders of Hon'ble NCLT, if any. Further, Sarda Mines Private Limited has filled an application for seeking concessions and reliefs which is sub-judice before the Hon'ble NCLT.

These consolidated financial results for the quarter and half year ended 30 September 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 and the CFO of the Corporate Debtor on 29 November 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 29 November 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. Impairment loss of INR 14,323.94 lakhs was recognised in the books by the Company in FY 2020-21. Impact, if any, on the value of the tangible and intangible assets in the preparation of financial results will be determined on consummation of the sale of the Company as a going Concern, which is yet to be concluded in accordance with the provisions of I&B Code.

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.

Sharad Bhandari

SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwaliti Limited

Notes to the unaudited Consolidated Financial Results for the quarter and half year ended 30 September 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	6,601.51	80,259.51
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	29,458.51	3,63,938.92

* 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. The Demand has 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 disputing the 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. 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 filled 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).

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
(Chief Financial Officer)
PAN:AAFPPB5053P

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

SHAIENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568
Liquidator of Kwaliti Limited

Place: Delhi
Date: 29 November 2021

Parshant Gogna
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Parshant Gogna
Date: 2021.11.29
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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 September 30, 2021 ("the Statement"). These Consolidated Financial Statements have been prepared by the management of the Company and certified by Mr. SharadBhandari 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 694.41 lakhs and erosion of its Net worth as at September 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 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
Gogna

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Parshant Gogna
Date: 2021.11.29
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Parshant Gogna

Membership No.555644

Partner

UDIN:- **21555644AAAABQ3506**

Place: Delhi

Date: 29 November 2021