



Date: March 18, 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. March 18, 2021 concluded at 03:30 PM chaired by Liquidator along with the KMP of Kwality Limited to discuss and approve the following matters:

1. The Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended as on 31st December, 2020.
2. The Limited Review Report given by the Statutory Auditors for the quarter and nine months ended as on 31st December, 2020.

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

Thanking You,
For Kwality Limited

Pradeep K Srivastava
(Company Secretary & Compliance Officer)

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

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

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

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Kwaliti Limited ('the company') for the period ended December 31, 2020 ("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 Modified Conclusion**
 - a. The Company has incurred a Net loss of INR 1,09,840.33 lakhs and erosion of its Net worth as at December 31, 2020. 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 stakeholders have filed their claims and the liquidator is in the process of verifying the claims submitted by the stakeholders of the corporate debtor as per the Insolvency and bankruptcy code, 2016. 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 22,869.55 is recognized in books of accounts as liability and balance amount is under appeal*) with the Liquidator. The Liquidator is in process of verification of claims by income tax authorities.

5. EMPHAPHASIS OF MATTER

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

- a. 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. The outcome of the proceedings of Investigation may have major Impact on the financial sustainability of the company.
- b. The Company has recognized impairment loss amounting to INR 15,090.91 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 December 2018 obtained from the two valuers during the CIRP. 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.



B RATTAN & ASSOCIATES

Chartered Accountants

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111,
Shivalik Enclave,
Mani Majra, Chandigarh,
98142-49302, 98145-84888

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

Rakesh Kumar

Membership No. 095399

Partner



UDIN:-21095399AAAABS2476

Place: Delhi

Date: 18 March 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 nine month ended 31 Dec 2020

(INR in Lakhs)

Sr.No	Particulars	Quarter Ended			Nine Month Ended		Year Ended
		31 Dec 2020	30 Sep 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Mar 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	2,959.79	2,542.77	3,619.32	8,635.08	11,630.00	15,056.81
	(b) Other income	242.14	5.07	3.25	253.24	14.37	66.58
	Total Income	3,201.93	2,547.84	3,622.57	8,888.32	11,644.37	15,123.39
2	Expenses						
	(a) Cost of materials consumed	2,216.88	1,916.56	3,051.05	6,555.24	8,419.09	11,194.15
	(b) Purchases of stock-in-trade	-	-	-	-	2.90	-
	(c) Change in inventories of finished goods and work-in-progress	(9.39)	83.04	29.52	212.98	632.92	479.35
	(d) Employee benefits expense	129.07	160.20	259.09	484.69	1,013.89	1,248.35
	(e) Finance costs	72,684.65	-	-	72,684.65	-	-
	(f) Depreciation and amortisation expense	739.06	739.20	853.60	2,220.17	2,625.54	3,475.08
	(g) Impairment of Assets	15,090.91	-	-	15,090.91	-	-
	(h) Other expenses	20,013.11	739.48	3,774.15	21,432.69	10,824.78	11,600.86
	Total Expenses	1,10,864.29	3,638.48	7,967.41	1,18,681.33	23,519.12	27,997.79
3	Profit/(Loss) Before Tax (1-2)	(1,07,662.36)	(1,090.64)	(4,344.84)	(1,09,793.01)	(11,874.75)	(12,874.40)
4	Tax expense:						
	(a) Current tax	47.32	-	-	47.32	-	-
	(b) Deferred tax	-	-	-	-	-	-
	Total Tax Expenses	47.32	-	-	47.32	-	-
5	Net Profit/(Loss) for the Period after Tax (3-4)	(1,07,709.68)	(1,090.64)	(4,344.84)	(1,09,840.33)	(11,874.75)	(12,874.40)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	(11.22)	5.61	24.66	-	74.00	56.10
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-	-	-
	Total Other Comprehensive Income/(Loss)	(11.22)	5.61	24.66	-	74.00	56.10
7	Total comprehensive Income/(Loss) (5+6)	(1,07,720.90)	(1,085.03)	(4,320.18)	(1,09,840.33)	(11,800.75)	(12,818.30)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(44.63)	(0.45)	(1.80)	(45.51)	(4.92)	(5.33)
	(b) Diluted (INR)	(44.63)	(0.45)	(1.80)	(45.51)	(4.92)	(5.33)
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						(1,96,888.91)

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



Shard Bhandari



Notes to the Standalone Financial Results:

KWALITY LIMITED

(A company under Liquidation Process as per
Insolvency & Bankruptcy Code, 2016 vide
NCLT order dated 11 January 2021)

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

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

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

These standalone financial results for the quarter ended 31 December 2020 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 Liquidator, the CFO and the Company Secretary of the Corporate Debtor on 18 March 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 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 18 March 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 Liquidator has approved these standalone financial results solely in discharge of the powers of the Board of Directors being exercised by him in terms of Section 34(2) read with Section 35(e) of the I&B Code, as the powers of the Board of Directors stand suspended during CIRP as well during the liquidation process of the Company.

2. Based on the liquidation order dated 11th January 2021 passed by the Hon'ble NCLT, financial statements as at 31 December 2020 have been prepared for the Corporate Debtor (In Liquidation) as a going concern basis. Accordingly, the carrying value of tangible assets (including capital work in progress) and intangible assets as at 31 December 2020 have been stated at lower of cost and their estimated liquidation value. Estimated liquidation value has been arrived at on the basis of average of the liquidation value as at 11 December 2018 obtained from the two valuers during the CIRP. Consequently, the impairment loss of INR 15,090.91 lakhs have been recognised in the books by the Company.

The sale of the Corporate Debtor or its business, as a "going concern" is currently under process and is yet to be concluded. In the absence of the final outcome of the sale process under liquidation, impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 36 on 'Impairment of Assets' is not readily ascertainable.

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 received as on 9th February 2021 (30th day from the liquidation commencement date) is reproduced below:

Sr. No.	Particulars	Claims Received
		(INR in lakhs)
1	Financial creditors (including claims w.r.t. corporate guarantees given by the Company for credit facility availed by the subsidiary)	2,59,913.23
2	Operational creditors (including Employees & workers)	10,34,264.87
3	Other claims	7.41

b. The Liquidator is in the process of verifying the claims submitted by the stakeholders of the Corporate Debtor as per the I&B Code. Consequential impact of claims being higher than the book balances, if any, has not been considered.

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



Sharad Bhandari



Notes to the Standalone Financial Results:**KWALITY LIMITED**

(A company under Liquidation Process as per
Insolvency & Bankruptcy Code, 2016 vide
NCLT order dated 11 January 2021)

5. Income Tax:

a. Basis the assessment proceedings under Section 132 under the IT Act, income tax authorities has raised demand amounting to INR 9,06,439.31 lakhs (including interest upto 30 Dec 2019) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) r.w.s. 153A, 154 and u/s 144 r.w.s. 153A of the IT Act. The Company has filed the appeal in January 2020 against the disputed demand with the Commissioner of Income-tax (Appeals). In addition to the demand raised income tax department has 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. Subsequently on 4 February 2021, Income tax department has filed the claim (i.e. Form C dated 4 February 2021) under the Liquidation Process Regulations aggregating INR 10,24,276.42 lakhs (includes demand of INR 9,06,439.31 lakhs along with additional interest of INR 117,837.11 lakhs), which is currently under verification. Additional Interest of INR 117,837.11 lakhs beginning from 31 December 2019 till 11 January 2021 (I.C.D). Out of the said amount of INR 10,24,276.42 lakhs, INR 22,869.55 is recognized in the books as liability as on 11 January 2021 and the balance amount of INR 10,01,406.87 is under appeal.

6. "Other Expenses" as stated in the income statement for the quarter ended 31 December 2020, include adjustment on these accounts, as enumerated below:

Particulars	Quarter Ended	Quarter Ended
	31-Dec-20	30-Sep-20
	INR in lakhs	
Invocation of Corporate Guarantee	15,225.07	-
Milk Cess	429.12	-
Demand of VAT/GST	3,370.68	-
Interest on TDS payable	206.57	-
Provision for bad and doubtful debts	19.76	-
Total	19,251.20	-

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)

Place: Delhi
Date: 18 March 2021



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

Shailendra Ajmera
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

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 December 31, 2020 ("the Statement"). These Consolidated Financial Statements have been prepared by the management of the Company and certified by Mr. Sharad Bhandari Chief Financial officer ('CFO'), and approved by the Liquidator. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. We believe that our review provides a reasonable basis for our modified conclusion.
3. The Statement includes the results of the following entity:
Subsidiary
 - (i) Kwaliti Dairy Products FZE
4. Based on our review conducted as above, except for the effects of the matters described in the Basis of Modified Conclusion paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **BASIS FOR MODIFIED CONCLUSION**
 - a. The Company has incurred a Net loss of INR 95,747.19 lakhs and erosion of its Net worth as at December 31, 2020. 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 stakeholders have filed their claims and the liquidator is in the process of verifying the claims submitted by the stakeholders of the corporate debtor as per the Insolvency and bankruptcy code, 2016. 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 22,869.55 is recognized in books of accounts as liability and balance amount is under appeal) with the Liquidator. The Liquidator is in process of verification of claims by income tax authorities.

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 years 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. Although, Bank of Baroda, Dubai has already filled claim with Liquidator (Refer Note 6). 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. The outcome of the proceedings of Investigation may have major Impact on the financial sustainability of the company.
- c. The Company has recognized impairment loss amounting to INR 15,106.25 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 December 2018 obtained from the two valuers during the CIRP. 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

Rakesh Kumar

Membership No. 095399

Partner

UDIN:-21095399AAAAABR3273



Place: Delhi

Date: 18 March 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 nine month ended 31 December 2020

(INR in Lakhs)

S.No	Particulars	Quarter Ended			Nine Month Ended		Year Ended
		31 Dec 2020	30 Sep 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 March 2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from Operations						
	(a) Revenue from operations	2,959.79	2,542.77	3,619.32	8,635.08	11,630.00	15,056.81
	(b) Other income	242.14	5.07	4.08	253.24	23.17	75.64
	Total Income	3,201.93	2,547.84	3,623.40	8,888.32	11,653.17	15,132.45
2	Expenses						
	(a) Cost of materials consumed	2,216.88	1,916.56	3,051.05	6,555.24	8,419.09	11,194.15
	(b) Purchases of stock-in-trade	-	-	-	-	2.90	-
	(c) Change in inventories of finished goods and work-in-progress	(9.39)	83.04	29.52	212.98	632.92	479.35
	(d) Employee benefits expense	129.07	160.20	259.09	484.69	1,013.89	1,248.35
	(e) Finance costs	73,054.26	361.86	378.59	73,801.24	1,146.03	1,557.78
	(f) Depreciation and amortisation expense	739.06	739.20	853.60	2,220.17	2,625.54	3,475.08
	(g) Impairment of Assets	15,106.25	-	-	15,106.25	-	-
	(h) Other expenses	4,788.04	739.48	3,784.58	6,207.62	10,844.05	11,620.95
	Total Expenses	96,024.17	4,000.34	8,356.43	1,04,588.19	24,684.42	29,575.66
3	Profit/(Loss) Before Tax (1-2)	(92,822.24)	(1,452.50)	(4,733.03)	(95,699.87)	(13,031.25)	(14,443.21)
4	Tax expense:						
	(a) Current tax	47.32	-	-	47.32	-	-
	(b) Deferred tax	-	-	-	-	-	-
	Total Tax Expenses	47.32	-	-	47.32	-	-
5	Net Profit/(Loss) for the Period after Tax (3-4)	(92,869.56)	(1,452.50)	(4,733.03)	(95,747.19)	(13,031.25)	(14,443.21)
6	Other Comprehensive Income/(Loss)						
	(a) Items that will not be reclassified to profit and loss	(11.22)	5.61	24.66	-	74.00	56.10
	(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	111.49	402.01	(120.82)	476.11	(344.22)	(1,102.28)
	Total Other Comprehensive Income/(Loss)	100.27	407.62	(96.16)	476.11	(270.22)	(1,046.18)
7	Total comprehensive Income/(Loss) (5+6)	(92,769.29)	(1,044.88)	(4,829.19)	(95,271.08)	(13,301.47)	(15,489.39)
8	Earning per share of INR 1 each						
	(a) Basic (INR)	(38.48)	(0.60)	(1.96)	(39.67)	(5.40)	(5.98)
	(b) Diluted (INR)	(38.48)	(0.60)	(1.96)	(39.67)	(5.40)	(5.98)
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						(2,11,457.00)

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



Shard Bhandari



Notes to the Consolidated Financial Results:

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

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

In accordance with Section 35(1)(e) read with Regulation 32(e) & (f), Regulation 32A and Regulation 2B of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter, "Liquidation Process Regulations") and the said Order dated 11th January 2021, the Liquidator proposes to sell the Corporate Debtor or its business, as a "going concern", including by way of scheme, if any proposed by the creditors/members of the Corporate Debtor under Section 230 of the Companies Act, 2013.

Subsequently, vide advertisement dated 11 February 2021 prospective bidders have been invited to submit their expression of interest for purchase of the Corporate Debtor or its business as going concern.

These consolidated financial results for the quarter ended 31 December 2020 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 Liquidator, the CFO and the Company Secretary of the Corporate Debtor on 18 March 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 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 18 March 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 Liquidator has approved these consolidated financial results solely in discharge of the powers of the Board of Directors being exercised by him in terms of Section 34(2) read with Section 35(e) of the I&B Code, as the powers of the Board of Directors stand suspended during CIRP as well during the liquidation process of the Company.

2. Based on the liquidation order dated 11th January 2021 passed by the Hon'ble NCLT, financial statements as at 31 December 2020 have been prepared for the Corporate Debtor (In Liquidation) as a going concern basis. Accordingly, the carrying value of tangible assets (including capital work in progress) and intangible assets as at 31 December 2020 have been stated at lower of cost and their estimated liquidation value. Estimated liquidation value has been arrived at on the basis of average of the liquidation value as at 11 December 2018 obtained from the two valuers during the CIRP. Consequently, the impairment loss of INR 15,106.25 lakhs have been recognised in the books by the Company.

The sale of the Corporate Debtor or its business, as a "going concern" is currently under process and is yet to be concluded. In the absence of the final outcome of the sale process under liquidation, impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 36 on 'Impairment of Assets' is not readily ascertainable.

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:

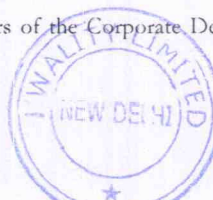
a. As a part of the liquidation process, stakeholders of the Company were called to submit their claims to the Liquidator. The summary of Claims received as on 9th February 2021 (30th day from the liquidation commencement date) is reproduced below:

Sr. No.	Particulars	Claims Received
		(INR in lakhs)
1	Financial creditors (including claims w.r.t. corporate guarantees given by the Company for credit facility availed by the subsidiary)	2,59,913.23
2	Operational creditors (including Employees & workers)	10,34,264.87
3	Other Claims	7.41

b. The Liquidator is in the process of verifying the claims submitted by the stakeholders of the Corporate Debtor as per the I&B Code. Consequential impact of claims being higher than the book balances, if any, has not been considered.

SHAILENDRA AJMERA
IP Registration No.
IBBI/IPA-001/IP-P00304/2017-18/10568

Sharad Bhandari



Notes to the Consolidated Financial Results:

5. Income Tax:

a. Basis the assessment proceedings under Section 132 under the IT Act, income tax authorities has raised demand amounting to INR 9,06,439.31 lakhs (including interest upto 30 Dec 2019) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) r.w.s. 153A, 154 and u/s 144 r.w.s. 153A of the IT Act. The Company has filed the appeal in January 2020 against the disputed demand with the Commissioner of Income-tax (Appeals). In addition to the demand raised income tax department has 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. Subsequently on 4 February 2021, Income tax department has filed the claim (i.e. Form C dated 4 February 2021) under the Liquidation Process Regulations aggregating INR 10,24,276.42 lakhs (includes demand of INR 9,06,439.31 lakhs along with additional interest of INR 117,837.11 lakhs), which is currently under verification. Additional Interest of INR 117,837.11 lakhs beginning from 31 December 2019 till 11 January 2021 (LCD). Out of the said amount of INR 10,24,276.42 lakhs, INR 22,869.55 is recognized in the books as liability as on 11 January 2021 and the balance amount of INR 10,01,406.87 is under appeal.

6. "Other Expenses" as stated in the income statement for the quarter ended 31 December 2020, include adjustment on these accounts, as enumerated below:

Particulars	Quarter Ended	Quarter Ended
	31-Dec-20	30-Sep-20
	INR in lakhs	
Milk Cess	429.12	-
Demand of VAT/GST	3,370.68	-
Interest on TDS payable	206.57	-
Provision for bad and doubtful debts	19.76	-
Total	4,026.13	-

7. Kwalty Dairy Products FZE, Wholly Owned Subsidiary of Kwalty 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. Kwalty 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 arised on account of invocation of the corporate guarantee. The said claim was admitted and voting share was assigned to Bank of Baroda in respect thereof in the CoC during CIRP. The RP had also replied to Bank of Baroda that the action taken by them was in violation of the order of moratorium and amounts to seeking recovery of dues by pursuing individual recovery proceedings for recovery of debt in respect of which claim had been admitted by the RP under the IBC during CIRP. Bank of Baroda had been requested to forthwith withdraw the said execution and all step and actions arising therefrom or related thereto. Pursuant to initiation of liquidation process, Bank of Baroda has filed the claim on 9 February 2021 under the Liquidation Process Regulations with liquidator for recovery of said dues.

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

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

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

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

KWALITY LIMITED
(A company under Liquidation Process as per
Insolvency & Bankruptcy Code, 2016 vide
NCLT order dated 11 January 2021)



Place: Delhi
Date: 18 March 2021



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

Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPB5053P

SHAIENDRA AJMERA
IP Registration No.
IBBI/PA-001/IP-P00304/2017-18/10568
Liquidator of Kwalty Limited
Shailendra Ajmera
(Liquidator)
IP Registration No. IBBI/PA-001
/IP-P00304/2017-18/10568