



Date: 10th November, 2020

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

Dear Sir/Madam,

Subject: Annual Report along with Notice of 28th Annual General Meeting of Kwality Limited

Dear Sir/Madam,

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report for the financial year ended 31st March, 2020 along with Notice of convening the 28th Annual General Meeting (AGM) of shareholders of Kwality Limited. The 28th AGM is scheduled to be held on Thursday, 24th December, 2020 at 11:30 AM through video conference and other audio visual means (VC).

Kindly take the same on your record.

Thanking You

Yours faithfully,

For Kwality Limited

Company Secretary & Compliance Officer

Pradeep K. Srivastava

(Company Secretary & Compliance Officer)

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

Encl: As above



KWALITY LIMITED

**ANNUAL
REPORT
2019-20**

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KWALITY LIMITED***ANNUAL REPORT 2019-20****CORPORATE INFORMATION****Board of Directors#**

Dr. Rattan Sagar Khanna
(Chairman)

Mr. Sanjay Dhingra
(Managing Director)

Ms. Swati Chaturvedi[^]
(Woman Independent Director)

Chief Financial Officer

Mr. Sharad Bhandari

Company Secretary

Mr. Pradeep Srivastava

Statutory Auditors

M/s. B. Rattan & Associates

Secretarial Auditors

M/s Mukun Vivek & Co.

Internal Auditor

M/s S.K Basu

Registrars & Transfer Agent

Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi-110062

Members of the Committee of Creditors

Allahabad Bank
Andhra Bank
Bank of Baroda
BOI AXA Credit Risk Fund
Central Bank of India
Dhanlaxmi Bank
Hero Fincorp Limited
IFCI Ltd.
KKR Capital Markets India Pvt Ltd
KKR India Debt Opportunity Fund III
Mahindra Financial Services
Union Bank of India (UK) Ltd.
Woori Bank

Registered & Corporate Office

KDIL House, F-82,
Shivaji Place, Rajouri Garden,
New Delhi-110027

CIN: L74899DL1992PLC255519

Plant Locations:

Village Softa, Palwal, Haryana
Village: Mumrejpur, Dibai, Bulandsahar, UP

Listing Detail

BSE Limited
National Stock Exchange of India Limited

Depositories Detail

National Securities Depository Limited
Central Depository Securities (India) Limited

American Express Banking Corp
Axis Bank Ltd
Bank of India
Canara Bank
Corporation Bank
HDFC Bank
IDBI Bank Limited
Karur Vysya Bank
KKR India Debt Fund I
KKR India Financial Services Pvt. Ltd.
Syndicate Bank
Vistaar Financial Services Pvt. Ltd.

* Company is undergoing Corporate Insolvency Resolution Process under the provisions of IBC, 2016 and currently managed by **Mr. Shailendra Ajmera** (IP Registration No.: IBBI/IPA-001/ IP P00304/2017-18/10568) as the duly appointed **Resolution Professional**.

Currently suspended during CIRP under the provisions of IBC, 2016

[^] During the year under review, Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 (as per MCA Portal) with MCA.

KWALITY LIMITED

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

Board: +91 11 47006500 (100 Lines) Fax: +91 11 25191800

Email: cs@kdil.in, Website: www.kwality.com

CIN: L74899DL1992PLC255519

NOTICE FOR TWENTY EIGHTH ANNUAL GENERAL MEETING

The National Company Law Tribunal ("NCLT"), New Delhi Bench, vide order dated December 11, 2018 ("Insolvency Commencement Order") has initiated corporate insolvency resolution process ("CIRP") based on application filed by KKR India Financial Services Private Limited against Kwality Limited ("the Company"), under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Shailendra Ajmera (IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568) was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter appointed as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on January 11, 2019 under the provisions of the Code. Pursuant to the Hon'ble NCLT Order for commencement of the CIRP and in line with the Provisions of the Code, the power of the Board of Directors stands suspended and same is being exercised by RP in terms of the provisions of Section 17 & 20 of the Code. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide orders dated 24 May 2019 and 6 September 2019.

In terms of the process prescribed under the Code, the Resolution Plan dated 17 October 2019 read with Addendum 1 & Addendum 2 submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. Subsequently, the Resolution Applicant also submitted unsolicited Addendum 3 dated 4 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the decision of the CoC, the RP on 8 November 2019, filed an application with the NCLT to pass such order or direction as it considers fit and proper in the facts and circumstances of the case.

In the meantime, the Resolution Applicant filed an application with the NCLT on 6 November 2019 seeking extension of the CIRP period and a direction against the RP to place the revised offer, vide Addendum 3 submitted by the Resolution Applicant, before the CoC for consideration. Pursuant to interim order dated 14 November 2019 passed by the NCLT, the Resolution plan dated 17 October 2019 read with Addendum 1, 2, 3 and 4 was put up for consideration by the CoC and was not approved in terms of the requirement of Section 30(4) of the Code. RP filed a progress report appraising the same to the NCLT on 6 December 2019.

The Resolution Applicant on 7 December 2019 filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

On account of Government Advisory in the wake of Coronavirus (COVID - 19) and the notice dated 15 March 2020 issued by the President, NCLT based on such advisory, hearing for only urgent cases is taking place before the NCLT since 15 March 2020. RP is continuing to manage and operate the Company as a going concern in terms of the Code.

NOTICE is hereby given that the Twenty Eighth Annual General Meeting (AGM) of the Members of KWALITY LIMITED will be held on Thursday, December 24, 2020 at 11.30 A.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

Item No. 1

To receive, consider and adopt the Financial Statements of the Company for the year ended 31 March 2020, including the Audited Balance Sheet of the Company as at 31 March 2020 and Profit & Loss Account and Cash Flow Statement for the year ended on that date, together with the reports of the Directors and Auditors thereon.

SPECIAL BUSINESS:

Item No. 2

RATIFICATION OF COST AUDITOR'S REMUNERATION

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 148 of the Companies Act, 2013 (the "Act") read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s M K Jha & Co, Cost Accountants, (ICMAI Firm Registration No. 101333), who has been appointed continuously from previous financial years, will again be appointed as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 and be paid same remuneration of Rs 30,000/- (Rupees Thirty Thousand only) plus out of pocket expenses and applicable taxes as earlier."

For Kwality Limited

Sd/

Pradeep K. Srivastava

(Company Secretary & Compliance Officer)

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

Place : New Delhi

Date : November 02, 2020

NOTES:

1. In view of the COVID -19 pandemic, the Ministry of Corporate Affairs ('MCA') has, vide General Circular No. 20/2020 dated May 5, 2020 read with General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ('SEBI'), allowed companies to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
2. The Company has enabled the Members to participate at the 28th AGM through the VC facility. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.
3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.
4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
5. Corporate Members are required to send a scanned copy(PDF/JPG Format) of its Board or Governing body Resolution/ Authorisation, etc., authorising its representative to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting to the M/s Beetal Financial Services Pvt Ltd., by email through its registered email address to beetalrta@gmail.com.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.
7. The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out material facts relating to the business at item no. 2 of the Notice as set out above, is annexed hereto and forms part of this Notice.
8. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA as mentioned above, or with the Company Secretary, at the Company's registered office. Members are requested to note that dividend and the shares on which dividend remains unclaimed for seven consecutive years will be transferred to the Investor Education and Protection Fund (IEPF) as per Section 124 of the Act, read with applicable IEPF rules. Accordingly, the amount of unclaimed dividend and the shares for the financial year ended March 31, 2013 would be transferred to Investor Education and Protection Fund.
9. The Register of Members and Transfer Books of the Company will remain closed from December 18, 2020 to December 24, 2020 (both days inclusive) for the purpose of Annual General Meeting.
10. Members are requested to intimate the Registrar and Share Transfer Agent of the Company - M/s Beetal Financial & Computer Services Private Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Center, Near Dada Harsukhdas Mandir, New Delhi – 110062, immediately of any change in their address in respect of equity shares held in physical mode and to their DPs in respect of equity shares in dematerialized form.
11. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended further and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions for e-voting section which forms part of this Notice.
12. The e-voting period commences on Monday, December 21, 2020 (10 A.M. IST) and ends on Wednesday, December 23, 2020 (5 P.M. IST). During this period, members holding shares either in physical or dematerialized form, as on cut-off date, i.e. as on December 17, 2020 may cast their votes electronically. The e-voting module will be disabled by CDSL for voting thereafter. A member will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. as on December 17, 2020.
13. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
14. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, should follow the same procedure for e-Voting as mentioned below.
15. In compliance with the Circulars, the Annual Report 2019-20, the Notice of the 28th AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).
16. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, M/s Beetal Financial & Computer Services Private Limited at beetalrta@gmail.com to receive copies of the Annual Report 2019-20 in electronic mode.

17. Members may also note that the Notice of the 28th AGM and the Annual Report 2019-20 will also be available on the Company's website, <https://www.kwality.com/investor-relations#annualReport>, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.evotingindia.com.
18. The Securities and Exchange Board of India has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. Accordingly, the Company/ Registrar and Share Transfer Agent has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of Dematerialization.
19. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.
20. Members may avail nomination facility as provided under Section 72 of the Companies Act, 2013.

Instructions for members for voting electronically are as under:-

- (i) The e-voting period begins on December 21, 2020 at 10:00 AM and ends on December 23, 2020 at 05:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) December 17, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders/Members.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- (xii) Click on the EVSN for the relevant "KWALITY LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution Details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to

confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed login password then Enter the User ID and image verification code and click on Forgot password & enter the details as promoted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The **m-Voting** app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

Process For Those Shareholders Whose Email Addresses Are Not Registered With The Depositories For Obtaining Login Credentials For E-Voting For The Resolutions Proposed In This Notice:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA at beetalrta@gmail.com.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA at beetalrta@gmail.com.

Instructions For Shareholders Attending The AGM Through VC/OAVM Are As Under:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@kdil.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@kdil.in. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Instructions For Shareholders For E-Voting During The AGM Are As Under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@kdil.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Rakesh Dalvi (022-23058542) or Mr. Mehboob Lakhani (022-23058543).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022- 23058738 / 022-23058542.

21. Mr. Mukun Arora of M/s Mukun Vivek & Company, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The notice is being emailed to all the members whose names appear on the register of members/list of beneficial owners as received from the National Securities Depository Ltd. (NSDL)/Central Depository Services (India) Ltd. (CDSL) on October 30, 2020.
23. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Resolution Professional of the Company.
24. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kwality.com within two days of the passing of the resolutions at the Annual General Meeting of the Company and communicate to Stock Exchanges, where the shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 2

The appointment of M/s. M K Jha & Co., Cost Accountants, as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020 at the same remuneration of Rs 30,000/- (Rupees Thirty Thousand only) plus out of pocket expenses and applicable taxes. M/s. M K Jha & Co., has been appointed as Cost Auditor from previous financial years and will continue his service for the current financial year as well.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 2 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

M/s M K Jha & Co., Cost Accountants have furnished a certificate regarding their eligibility for re-appointment as Cost Auditors of the Company.

The Board recommend the Ordinary Resolution for the approval of the member.

None of the Directors and KMP of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 2 of the Notice.

For Kwality Limited

Sd/-

(Pradeep K. Srivastava)

(Company Secretary & Compliance Officer)

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

Place : New Delhi

Date : November 02, 2020

DIRECTOR'S REPORT

Dear Shareholders,

Presentation on Twenty Eighth Annual Report of the Company together with Audited Financial Statements of the Company for the financial year ended March 31, 2020 is hereby submitted as under:

INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

The National Company Law Tribunal ("NCLT"), New Delhi Bench, vide order dated December 11, 2018 ("Insolvency Commencement Order") has initiated corporate insolvency resolution process ("CIRP") based on application filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company"), under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Shailendra Ajmera IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568 was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter continued and appointed as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on January 11, 2019 under the provisions of the Code. Pursuant to the Hon'ble NCLT Order for commencement of the CIRP and in accordance with Section 17 & 20 of the Code, the power of the Board of Directors stood suspended and vested with the RP and is being exercised by RP. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide orders dated 24 May 2019 and 6 September 2019.

In terms of the process prescribed under the Code, the Resolution Plan dated 17 October 2019 read with Addendum 1 & Addendum 2 submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. Subsequently, the Resolution Applicant also submitted unsolicited Addendum 3 dated 4 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the decision of the CoC, the RP on 8 November 2019, filed an application with the NCLT to pass such order or direction as it considers fit and proper in the facts and circumstances of the case.

In the meantime, the Resolution Applicant filed an application with the NCLT on 6 November 2019 seeking extension of the CIRP period and a direction against the RP to place the revised offer, vide Addendum 3 submitted by the Resolution Applicant, before the CoC for consideration. Pursuant to interim order dated 14 November 2019 passed by the NCLT, the Resolution Plan dated 17 October 2019 read with Addendum 1, 2, 3 and 4 was considered by the CoC and was not approved in terms of the requirement of Section 30(4) of the Code. RP filed a progress report appraising the same to the NCLT on 6 December 2019.

The Resolution Applicant on 7 December 2019 filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

On account of Government Advisory in the wake of Coronavirus (COVID - 19) and the notice dated 15 March 2020 issued by the President, NCLT based on such advisory, hearings on only urgent case is taking place before the NCLT since 15 March 2020. RP is continuing to manage and operate the Company as a going concern in terms of the Code.

Since the Company is undergoing the Corporate Insolvency Resolution Process (CIRP) under the Code, as per Section 17 of the Code:

- the management of the affairs of the Company vests with the Resolution Professional
- the powers of the Board of Directors of the Company stands suspended and are being exercised by the Resolution Professional
- the Financial Institutions maintaining accounts of the Company are mandated to act on the instructions of the Resolution Professional in relation to such accounts and furnish all information relating to the Company available with them to the Resolution Professional.

1. FINANCIAL HIGHLIGHTS

Details	Year ended 31.03.2020 (INR in crore)	Year ended 31.03.2019 (INR in crore)
Turnover	150.57	2089.23
Profit/(Loss) before Interest, Depreciation, Extraordinary Items & Tax	(93.99)	(2630.12)
Interest & Finance Charge	-	188.23
Depreciation	34.75	130.10
Profit/(Loss) before Extraordinary Item & Tax	(128.74)	(2948.45)
Extraordinary Items	-	-
Profit/(Loss) before Tax	(128.74)	(2948.45)
Tax Expense	-	(0.87)
Profit/(Loss) after Tax	(128.74)	(2947.58)

2. COMPANY PERFORMANCE

The Company's Standalone turnover for the current financial year is Rs 150.57 crores as compared to Rs 2089.23 crores in previous financial year. Loss before Tax is Rs. 128.74 crores for current financial year as compared to that of Loss before tax for previous financial year of Rs. 2948.45 crores. Loss after Tax for the current financial year stood at Rs. 128.74 crores as compared to Loss before tax Rs. 2947.58 crores in the previous financial year.

The Company's Consolidated turnover for the current financial year is Rs 150.57 crores as compared to Rs 2129.88 crores in previous financial year. Loss before Tax is Rs.144.43 crores for current financial year as compared to that of previous financial year of Loss before Tax of Rs. 3217.02 Crores. Loss after Tax for the current financial year stood at Rs. 144.43 crores as compared to Loss after tax Rs. 3216.15 crores in the previous financial year.

3. CONSOLIDATED FINANCIAL STATEMENTS

As per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Consolidated Financial Statements of the Company for the financial year 2019-20 have been prepared in compliance with applicable Accounting Standards and on the basis of audited financial statements of the Company and its subsidiary.

The Consolidated Financial Statements together with the Auditors' Report form part of this Annual Report.

4. SUBSIDIARIES

A separate statement containing the salient features of financial statements of all subsidiaries of the Company forms a part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013. In accordance with Section 136 of the Companies Act, 2013, the financial statements of the subsidiary and associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting ('AGM'). The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company (www.kwality.com). The Company has formulated a policy for determining material subsidiaries. The policy may be accessed on the website of the Company (www.kwality.com)

Your Company has a wholly owned subsidiary under the name and style of "Kwality Dairy Products – FZE" ("KDPF") in free trade zone of United Arab Emirates. Your Company has prepared Consolidated Financial Statements in accordance with Section 129(3) of the Companies Act, 2013, Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Accounting Standard as specified under Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules 2014.

The trading license of KDPF, which has discontinued the business during the previous financial year w.e.f. July 11, 2018, has expired on 30 October 2019. Consequently, KDPF will no longer be able to carry out any business activities.

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 .

Kwality Dairy Products FZE (subsidiary of Kwality Limited) 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.

Kwality 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. Bank of Baroda has already filled the claim with RP for recovery of the dues arise on account of invocation of the corporate guarantee, the same has been admitted and voting share assigned to Bank of Baroda in respect thereof in the CoC.

The RP has replied to Bank of Baroda that the action taken by them is 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 has been admitted by the RP under the IBC. Bank of Baroda has been requested to forthwith withdraw the said execution and all step and actions arising therefrom or related thereto.

5. DIVIDEND

In view of losses incurred during the period under review, the Company does not recommend any dividend on the equity shares for the financial year ended as on March 31, 2020.

6. CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

8. TRANSFER TO RESERVE

Pursuant to section 123 of the Companies Act, 2013 the company is not mandatorily required to transfer any amount to the reserves. Accordingly, the company has not transferred any amount to the reserves during the year.

9. PREFERENTIAL ISSUE AND PRIVATE PLACEMENT

During the period under review, the company has not made any preferential issue and private placement.

10. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

Pursuant to the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Authority"), all unpaid or unclaimed dividends are required to be transferred by the company to the IEPF established by the Government of India, after completion of seven years. Further according to

the rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall be transferred to the Demat account of the IEPF Authority.

During the year 2019-20, unclaimed Dividend for financial year 2011-12 of Rs. 551,665.90/- were transferred to the Investor Education and Protection Fund ("IEPF"), as required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Authority"). Further 39,666 equity shares in respect of which dividend has not been claimed for the final dividend declared in financial year 2011-12 were transferred to the IEPF Authority pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the rules thereunder.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure 1** to the Board's report.

12. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

13. INSPECTION BY CENTRAL BUREAU OF INVESTIGATION

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 ("Code").

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, the Company is undergoing the Corporate Insolvency Resolution Process (CIRP) under the Code. Prior to commencement of Corporate Insolvency Resolution Process, the Company had a duly constituted Corporate Social Responsibility (CSR) Committee, which was responsible for fulfilling the CSR objectives of the Company. However, the same was not in operation due to CIRP.

During the year under review, the Company was not required to spend any amount on CSR activities/programs as the Company did not have positive average net profits calculated in terms of the provisions of section 135 read with section 198 of the Act.

The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as "Annexure 2" to this Report.

15. CREDIT RATING

Brickwork Ratings was received in the month of September 2018 with Rating Outlook downgraded for Fund Based Long Term rating as "BWR D (Downgrade)" for bank loan facilities for an amount of Rs 1463 crores, Non-Fund Based Short Term rating as "BWR D (Downgrade)" for an amount of Rs 30 crores and assigned "BWR D (Downgrade)" for issue of Non-Convertible Debentures of Rs 94.45 crores. Subsequently, the CIRP was initiated, on an application filed by KKR India Financial Services Private Limited against the Company, which was admitted vide an Order dated 11th December 2018 of the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi Bench, under the provisions of the Code. Currently the rating for Long Term & Short term Bank loan for an amount of Rs. 1463 crores & 30 crores has been withdrawn.

16. CASH FLOW STATEMENT

In conformity with the provisions of Regulation 34(2) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash Flow Statement for the year ended on March 31, 2020 is attached as a part of the Financial Statement of the Company.

17. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forms an integral part of this report and gives detailed review of operations, performance and future outlook of the company during the financial year 2019-20.

18. DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMP):

The Key Managerial Persons of the Company as at March 31, 2020 are:

Name	Designation
Mr. Sanjay Dhirgra	Managing Director
Mr. Sharad Bhandari	Chief Financial Officer (CFO)
Mr. Pradeep K. Srivastava	Company Secretary & Compliance Officer

Currently suspended during CIRP under the provisions of Insolvency & Bankruptcy Code, 2016

DIRECTORS

INDUCTIONS, RETIRE BY ROTATION AND RESIGNATIONS

During the financial year 2019-20, there is no addition in the Board of Director of the Company.

As at March 31, 2020, the Board of your Company is constituted of three Directors comprising of Dr. Rattan Sagar Khanna, Chairman and Non-Executive Independent Director and Mr. Sanjay Dhingra, Managing Director. During the year under review, Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 (as per MCA portal) with MCA.

Mr. Sanjay Dhingra (DIN: 00025376), Managing Director, was liable to retire by rotation in the Annual General Meeting as per section 152 of the Companies Act, 2013 but due to the fact that the Company is undergoing CIRP the power of the Board of Directors stands suspended and any change in the Management of the Company would have required approval of the Committee of the Creditors, no change has been given effect to.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, the statement is required from the Board of Directors of the company and the power of the Board of Directors has been suspended after the initiation of CIRP.

20. DEPOSITS

Your company has not raised any public deposit during the period under review. Therefore, there was no public deposit outstanding as at the beginning or at the end of the period.

21. INTERNAL FINANCIAL CONTROL SYSTEM

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Internal Control System has designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable Accounting Standards. The internal financial controls with reference to the financial statements were adequate and operating effectively.

22. RISK MANAGEMENT

The Company has well defined process in place to ensure appropriate identification and treatment of risks. The identification of risk is done at strategic, business, operational and process levels. All significant risks are well integrated with the functional and business plans and are reviewed on a regular basis.

Further details form part of Corporate Governance Report.

23. AUDITORS

STATUTORY AUDITORS

At the Annual General Meeting held on November 29, 2019, M/s B. Rattan & Associates, Chartered Accountants (ICAI Firm Registration No. 011798N) has been appointed as auditor of the Company to hold office till the conclusion of the Annual General Meeting ("AGM") to be held in the year 2024.

The Auditors' Report for the financial year ended March 31, 2020 on the financial statements of the Company is a part of this Annual Report. The Comments on the qualification in the Auditor's Report on the Financial year 2019-20 are as provided in the "Statement on Impact of Audit Qualification" forms part of annual report.

COST AUDITOR

M/s. M K Jha & Co., Cost Accountants, (Firm Registration No. 101333) has been appointed as the Cost Auditor of the Company to conduct the audit of cost records for the financial year 2020-21. The remuneration proposed to be paid to the Cost Auditor, subject to ratification by the shareholders of the Company at the ensuing 28th AGM, would not exceed Rs. 30000 (Rupees Thirty Thousand only) excluding taxes and out of pocket expenses, if any.

The Company has received consent from M/s. MK Jha & Co., Cost Accountants, to act as the Cost Auditor for conducting audit of the cost records for the financial year 2020-21 along with a certificate confirming their independence and arm's length relationship.

SECRETARIAL AUDITOR

M/s. Mukun Vivek & Company, Company Secretaries, were appointed to conduct the secretarial audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The secretarial audit report for FY 2019-20 forms part of the Annual Report as Annexure 3 to the Board's Report.

24. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies (Amendment) Act, 2017, the copy of annual return in the prescribed form has been placed at our website www.kwality.com.

25. SECRETARIAL STANDARDS OF ICSI

Your Company complies with the Secretarial Standards as specified by the Institute of Company Secretaries of India, on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) and notified by Ministry of Corporate Affairs.

26. LISTING

The equity shares of the Company continue to be listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for the current year have been paid to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

27. PARTICULARS OF REMUNERATION OF DIRECTORS[#], KMPs AND EMPLOYEES

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure 4 to the Board's Report.

Details of employees, employed for the whole year and are in receipt of remuneration of Rs. 1,02,00,000/- or more, or if employed for the part of the year and in receipt of Rs. 8,50,000/- or more a month, under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name of Employee	Date of Joining	Gross Remuneration	Educational Qualification	Age	Experience (years)	Last Employment	Designation
NA							

[#] Currently suspended during CIRP under the provisions of the Insolvency & Bankruptcy Code, 2016

28. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Remuneration, Compensation and Nomination Committee has framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration and other matters provided under Section 178(3) of the Companies Act, 2013 and Regulation 19 of the Listing Regulation (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). However, the same is not effective since the commencement of CIRP under the Code.

The Nomination and Remuneration Policy can be accessed on the website of the Company (www.kwality.com).

29. DECLARATION BY INDEPENDENT DIRECTORS

The Company is in CIRP and accordingly power of the board has been suspended pursuant to imitation of CIRP. Therefore, no declaration is received from independent director under section 149(7) of Companies Act 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further the company had received the declaration from the independent director on April 01, 2019.

30. PERFORMANCE EVALUATION OF THE BOARD

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, prior to commencement of CIRP, the Board, in consultation with its Remuneration, Compensation and Nomination Committee has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors.

Since the initiation of CIRP evaluation of Board, its Committees and individual directors has not taken place for the year 2019-20.

31. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, no board meetings were held during the year ended on 31st March, 2020 since the powers of the Board of Directors were suspended due to commencement of corporate insolvency resolution process and the same vest in the Resolution Professional. However, five meetings were held which were chaired by Resolution Professional (RP) along with the Key Managerial Persons (KMP) of the Company in accordance with the Section 17 and 23 of Insolvency and Bankruptcy Code 2016 during the financial year 2019-20. The date of meetings are 30th May, 2019, 19th August, 2019, 01st October, 2019, 21st November, 2019 and 14th February, 2020.

32. "KWALITY EMPLOYEE STOCK OPTION PLAN 2014" ("ESOP 2014")

The details of the grants allotted under **KWALITY EMPLOYEE STOCK OPTION PLAN 2014** ("ESOP 2014") and also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and Section 62 (1) (b) read with Rule 12(9) of the Companies (Share Capital & Debentures) Rules, 2014 is as follow:

Sr. No.	Particulars	Details
1.	Date of shareholders' approval for the options granted under the scheme	July 07, 2014
2.	Total number of options approved for grants under the scheme	1,00,00,000
3.	Vesting requirements	1 year from the date of grant
4.	Exercise price or pricing formula	Rs 38 per share (For Grant I, II, III) Rs 50 per share (For Grant IV, V)
5.	Maximum term of options granted	5 years from the date of vesting
6.	Source of shares	Direct Allotment

7.	Variation of terms of options	None																		
8.	Options granted during the year; Options granted till March 31, 2020	NIL 52,66,000																		
9.	Options lapsed/forfeited	10,79,700																		
10.	Options vested during the year; Options vested up to March 31, 2020	NIL 7,74,500																		
11.	Options exercised during the year; Options exercised up to March 31, 2020	NIL 18,84,100																		
12.	The total number of shares arising as a result of exercise of option during the year;	NIL																		
13.	Money realised by exercise of options during the year Money realised by exercise of options up to March 31, 2020	NIL 7,15,95,800																		
14.	Options outstanding at the end of the year Options exercisable at the end of the year	7,74,500 7,74,500																		
15.	Method used to account for the options where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee Compensation cost based on the Fair Market Value Method using Black - Scholes Option Pricing Formula.																		
16.	Weighted-average exercise prices and weighted-average fair values of options (shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock)	Weighted average exercise price - Rs. 49.98 Weighted average fair value (as on the date of grant of the option outstanding): <table border="1"> <thead> <tr> <th>Particulars</th><th>Rs.</th><th>Date of Grant</th></tr> </thead> <tbody> <tr> <td>Grant I</td><td>67.28</td><td>Jul 23, 2015</td></tr> <tr> <td>Grant II</td><td>76.18</td><td>Oct 08, 2015</td></tr> <tr> <td>Grant III</td><td>90.63</td><td>Aug 01, 2016</td></tr> <tr> <td>Grant IV</td><td>92.44</td><td>Aug 28, 2017</td></tr> <tr> <td>Grant V</td><td>105.56</td><td>Jan 10, 2018</td></tr> </tbody> </table>	Particulars	Rs.	Date of Grant	Grant I	67.28	Jul 23, 2015	Grant II	76.18	Oct 08, 2015	Grant III	90.63	Aug 01, 2016	Grant IV	92.44	Aug 28, 2017	Grant V	105.56	Jan 10, 2018
Particulars	Rs.	Date of Grant																		
Grant I	67.28	Jul 23, 2015																		
Grant II	76.18	Oct 08, 2015																		
Grant III	90.63	Aug 01, 2016																		
Grant IV	92.44	Aug 28, 2017																		
Grant V	105.56	Jan 10, 2018																		
17.	Employee wise details of options granted to: i. Senior Managerial personnel ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL																		
18.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share	Rs. (5.33) per share																		
19.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i. Risk-free interest rate ii. Expected life iii. Expected volatility iv. Expected dividends v. The price of the underlying share in market at the time of option grant	Refer note 41 Share Based Payments of the Standalone Financial Statement as ended on March 31, 2020 NIL																		

33. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8 of the Companies (Accounts) Rules, 2014 is set out in an Annexure 5 to this report.

34. CORPORATE GOVERNANCE

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

35. POLICY TO PREVENT SEXUAL HARASSMENT AT WORK PLACE

As required under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted a Sexual Harassment Policy. We follow a gender neutral approach in handling complaints of sexual harassment all employees are of equal value with no discrimination between individuals at any point on the basis of race, colour, gender, religion, political opinion, national extraction, social origin, sexual orientation or age. The Company is committed to providing a safe and conducive work environment to all its employees and associates. No complaints was pending in the beginning of the year and none was received by the Company during the year under review.

36. SIGNIFICANT AND MATERIAL ORDERS

The following significant and material orders have been passed by the Regulators or Courts or Tribunals: The Order dated December 11, 2018 passed by the Hon'ble National Company Law Tribunal, New Delhi Bench initiating corporate insolvency resolution process for the company with effect from December 11, 2018. Except the above, no other significant or material orders were passed by any of the Regulators or Courts or Tribunals.

37. GREEN INITIATIVES

Electronic copies of the Annual Report 2019-20 and the Notice of the 28th Annual General Meeting are sent to all the members whose email addresses are registered with the Company/ depository participant(s). For members whose email address is not registered and holding shares in dematerialized mode have been requested to register their email address with their depository participants. Those holding shares in physical mode have been requested to furnish their email address with the Company's RTA, at beetalrta@gmail.com.

38. APPRECIATION

The Board of Directors (currently powers are suspended during CIRP under the provisions of the Code) wish to place their deep appreciation for the support and co-operation of the Committee of Creditors, various departments of State and Central Government, Banks/Financial Institutions, employees and other stakeholders. The Board also commend the continuing commitment and dedication of the employees at all levels.

**For & on behalf of the Board of Directors
(suspended under CIRP)**

**Place : New Delhi
Date : November 02, 2020**

**Sd/-
Dr. Rattan Sagar Khanna
Chairman
DIN: 03073914**

Annexure 1 to Board's Report**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis:

Name of Related Party and nature of Relationship	Nature of contracts/ Arrangement / Transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Transaction Amount paid (in lakh)
Pashupati Dairies Private Limited Nature: Enterprise in which KMP have significant influence	Royalty	10 years valid upto May 2020 which is further extended to Nov 2020	The Contract is an arrangement for using brand name belonging to Pashupati Dairies Private Limited	Nil (Pashupati Dairies Private Limited have waived royalty from 1 Apr 2019 to 30 Sep 2020)

Annexure 2 to Board's Report**CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

[Pursuant to Clause (O) of Sub-Section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:

The Corporate Social Responsibility Policy of the Company as approved by the Board of Directors, is uploaded on the Company's Website i.e. www.kwality.com. Since the Company does not have average net profit calculated under Section 135 read with Section 198 of the Companies Act, 2013, the Company has not spent any amount on its Corporate Social Responsibility programs/activities during the financial year 2019-20.

2. Composition of CSR Committee:

The provision related to composition of the CSR Committee is not applicable as the company is in CIRP.

3. Average net profit of the Company for last three financial Years: NIL**4. Prescribed CSR Expenditure (2% of amount as above): NIL****5. Details of CSR Spent during the financial year:**

- Total amount spent for the Financial Year: NIL
- Amount unspent, if any: NA
- Manner of spending amount during the financial year –as per details below:

(Rs. In Lakh)

CSR Projects/ Activities	Sector in which project / activities covered	Location where project is undertaken: State (Local Area / District)	Amount Outlay (Budget) Project/ Program wise	Amount spent on the project/programs		Cumulative Expenditure upto the Reporting Period	Amount Spent: Direct or through Implementing Agency
				Direct Expenses	Over Head Expenses		
NA							

6. In case the Company has failed to spend the 2% of average net profit of the last three years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:- Not Applicable**7. The CSR Committee confirms that implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company:-**

Since the company is under Corporate Insolvency Resolution Process (CIRP), the implementation & monitoring of CSR policy and it's compliance is not applicable.

Sd/-

Dr. Rattan Sagar Khanna
Chairman

Place : New Delhi

Dated : November 02, 2020

Annexure 3 to Boards Report
SECRETARIAL AUDIT REPORT
For The Financial Year Ended On 31st March, 2020

(Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,
Kwality Limited
KDIL House, F-82,
Shivaji Place, Rajouri Garden
New Delhi-110027

As already stated in our previous report, Hon'ble National Company Law Tribunal (NCLT), Principal Bench, Delhi, vide order dated 11th December 2018, had admitted a Petition No. (IB)-1440 (ND) 2018, under section 7 of the Insolvency and Bankruptcy Code 2016 (IBC), filed by M/S KKR India Financial Services Private Limited, against Kwality Limited, for initiation of Corporate Insolvency Resolution Process. After invocation of Jurisdiction under The Insolvency & Bankruptcy Code 2016, the Powers of Board of Directors of the Company are suspended and vested in Resolution Professional Mr. Shailendra Ajmera. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide various orders passed by NCLT.

In terms of the process prescribed under the Code, the Resolution Plan was submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company along with various Addendums on various dates which was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. The Resolution Applicant filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

Pending adjudication of instant petition, we have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kwality Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We, hereby, report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Kwality Limited for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
 - (a) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) OTHER APPLICABLE ACTS,
 - (a) Factories Act, 1948
 - (b) Payment of Wages Act, 1936, and rules made thereunder,
 - (c) The Minimum Wages Act, 1948, and rules made thereunder,
 - (d) Employees' State Insurance Act, 1948, and rules made thereunder,
 - (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,

- (f) The Payment of Bonus Act, 1965, and rules made thereunder,
- (g) Payment of Gratuity Act, 1972, and rules made thereunder,
- (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
- (i) Food Safety and Standards Act, 2006, and rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above **except for the delay in updation of Annual Report to Stock Exchange under Regulation 34 of The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.**

We further report that, Prior to invocation of Jurisdiction by Hon'ble National Company Law Tribunal Bench Delhi under the provisions of the Insolvency and Bankruptcy Code 2016, the Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Director. .

Adequate notices were given to all directors for scheduled Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : New Delhi
Date : 26th August, 2020

For Mukun Vivek & Company
(Company Secretaries)

UDIN:A015980B000618593

Sd/-
Mukun Arora
(Partner)
ACS No.: 15980
C.P. No.: 4766

Address: 28/51, West Patel Nagar, New Delhi-110008

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A'

To,
The Members,
KWALITY LIMITED
KDIL House, F-82,
Shivaji Place, Rajouri Garden
New Delhi-110027

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and we relied upon undertaking provided to us by the auditor of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : New Delhi
Date : 26th August, 2020

For Mukun Vivek & Company
(Company Secretaries)

UDIN:A015980B000618593

Sd/-
Mukun Arora
(Partner)
ACS No.: 15980
C.P. No.: 4766

Address: 28/51, West Patel Nagar, New Delhi-110008

Annexure 4 to Board's Report

Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**A. Ratio of remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2019-20 is as follows:**

Name of Director	Total Remuneration (Rs)	Ratio of remuneration of director to the Median remuneration
Mr. Sanjay Dhingra*	NIL	NIL
Dr. Rattan Sagar Khanna	NIL	NIL
Ms. Swati Chaturvedi	NIL	NIL

*Mr. Sanjay Dhingra has forgone his remuneration with effect from December 01, 2018.

Notes:

1. The information provided above is on standalone basis.
2. The aforesaid details are calculated on the basis of remuneration for the financial year 2019-20.
3. Median remuneration of the Company for all its employees is Rs 1,52,580 for the Financial Year 2019-20.

B. Ratio of percentage increase in the remuneration of each Director and CFO & Company Secretary in the Financial Year 2019-20 are as follows:

Name	Designation	Remuneration (in Rs)		Increase (%)
		2019-20	2018-19	
Mr. Sanjay Dhingra	Managing Director	NIL	86,80,000	N.A.*
Dr. Rattan Sagar Khanna	Non Executive Independent Director	NIL	80,000	N.A.**
Mr. Sharad Bhandari (appointed w.e.f. 27 th October, 2018)	CFO	26,31,840	15,72,600	N.A.#
Mr. Pradeep K. Srivastava	Company Secretary	17,79,744	14,59,935	21.91

*Mr. Sanjay Dhingra has forgone his remuneration with effect from December 01, 2018.

**No sitting fees has been paid to Non-Executive Independent Directors as the company is under CIRP and no Board meeting has been held during the year ended 31st March, 2020.

#Mr. Sharad Bhandari has been appointed as Chief Financial Officer w.e.f. October 27, 2018 and accordingly the salary is computed for the said period for the FY 2018-19. Therefore there is no increase in his remuneration.

C. Percentage of increase in the median remuneration of all employees in the Financial Year 2019-20 : 34.44%**D. Number of Permanent employees on the rolls of the company as on March 31, 2020 are 218****E. Comparison of average percentage increase in salary of employees other than the Key Managerial Personnel and percentage increase in the key managerial remuneration:**

Particulars	2019-20	2018-19	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	2,28,529	2,17,612	5.02
Key Managerial Personnel			
Salary of Mr. Sanjay Dhingra-MD	NIL	86,80,000	N.A.*
Salary of Mr. Pradeep K. Srivastava-Company Secretary	17,79,744	14,59,935	21.91
Salary of Mr. Sharad Bhandari-CFO (appointed w.e.f. 27 th October, 2018)	26,31,840	15,72,600	N.A.#

* Mr. Sanjay Dhingra has forgone his remuneration with effect from December 01, 2018.

#Mr. Sharad Bhandari has been appointed as Chief Financial Officer w.e.f. October 27, 2018 and accordingly the salary is computed for the said period for the FY 2018-19. Therefore there is no increase in his remuneration.

F. Key Parameters for the variable component of remuneration paid to the Directors:

The key parameters for the variable component of remuneration to the Directors are decided by the Remuneration, Compensation and Nomination Committee in accordance with the principles laid down in Nomination and Remuneration Policy.

Detailed Policy of Remuneration, Compensation and Nomination Committee has been uploaded on Company's website i.e. www.kwality.com.

G. Affirmation:

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the policy formulated by Remuneration, Compensation and Nomination Committee of the Company.

Annexure 5 to Board's Report

INFORMATION AS PER SECTION 134 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2020

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY

Power and Fuel Consumption:

(a) Electricity	2019-20	2018-19
Purchased Units	64,14,685	93,32,785
Total Amount (Rs.)	5,60,79,442	8,15,09,287
Rate Per Unit (Rs.)	8.74	8.73
(b) Fuels	2019-20	2018-19
<i>(Diesel, FO, Burada, Husk & Turi)</i>		
Quantity (ltrs/Kgs)	1,49,61,327	1,55,06,963
Total Amount (Rs.)	7,91,75,028	9,74,45,894
Rate per Unit (Rs.)	5.29	6.28

TECHNOLOGY ABSORPTION

R & D / PRODUCT DEVELOPMENT

The Company has an in-house R & D / Product Development Laboratory to develop pure, hygienic, and nutritious products adhering to best Quality Standards. Continuous efforts are made to ensure qualitative improvement and safety of products and optimum efficiency in operations.

FOREIGN EXCHANGE EARNINGS and OUTGO:

INR in crores

Total foreign exchange earned and used:		2019-20	2018-19
(i)	Earnings :	NIL	NIL
(ii)	Expenditure* :	0.06	4.67

*Foreign Exchange Expenditure incurred on repayment of interest / loan, foreign tour and travel and miscellaneous expenses.

For & on behalf of the Board of Directors

Place : New Delhi
Date : November 02, 2020

Sd/-
Dr. Rattan Sagar Khanna
(Chairman)
DIN: 03073914

CORPORATE GOVERNANCE REPORT

1. Corporate Governance :

Corporate Governance is based on the principles of integrity, transparency, accountability and commitment to values. The framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. The Company believes in transparency, empowerment, accountability and integrity in its operations having duly delegated authority to the various functional heads who are responsible for attaining the corporate plans with the ultimate purpose of enhancement of "stakeholder value".

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is given below:

2. Corporate Insolvency Resolution Process (CIRP) :

The National Company Law Tribunal ("NCLT"), New Delhi Bench, vide order dated December 11, 2018 ("Insolvency Commencement Order") has initiated corporate insolvency resolution process ("CIRP") based on petitions filed by KKR India Financial Services Private Limited against Kwaliti Limited ("the Company"), under the provisions of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Mr. Shailendra Ajmera IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568 was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter appointed as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on January 11, 2019 under the provisions of the Code. Pursuant to the Hon'ble NCLT Order for commencement of the CIRP and in line with the Provisions of the Code, the power of the Board of Directors stands suspended and same is being exercised by RP in terms of the provisions of Section 17 & 20 of the Code. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide orders dated 24 May 2019 and 6 September 2019.

In terms of the process prescribed under the Code, the Resolution Plan dated 17 October 2019 read with Addendum 1 & Addendum 2 submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. Subsequently, the Resolution Applicant also submitted unsolicited Addendum 3 dated 4 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the above, the RP on 8 November 2019, filed an application with the NCLT to pass such order or direction as it considers fit and proper in the facts and circumstances of the case.

In the meantime, the Resolution Applicant filed an application with the NCLT on 6 November 2019 seeking extension of the CIRP period and a direction against the RP to place the revised offer, vide Addendum 3 submitted by the Resolution Applicant, before the CoC for consideration. Pursuant to interim order dated 14 November 2019 passed by the NCLT, the Resolution plan dated 17 October 2019 read with Addendum 1, 2, 3 and 4 was considered by the CoC and was not approved in terms of the requirement of Section 30(4) of the Code. RP filed a progress report appraising the same to the NCLT on 6 December 2019.

The Resolution Applicant on 7 December 2019 filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

On account of Government Advisory in the wake of Coronavirus (COVID - 19) and the notice dated 15 March 2020 issued by the President, NCLT based on such advisory, no hearings on any non urgent case is taking place before the NCLT since 15 March 2020. RP is continuing to manage and operate the Company as a going concern in terms of the Code.

As per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, Regulations 17, 18, 19, 20 and 21 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, related to Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee respectively, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing CIRP under the Code provided that the role and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency and Bankruptcy Code.

As mentioned above, in terms of the SEBI LODR Regulations, a company undergoing CIRP is not required to comply with various regulations hence other consequential requirements mentioned in regulations may not be complied with by the Company such as prior approval of related party transactions by audit committee, review of financial statements of the subsidiary companies by audit committee, obligations with respect to independent directors (regulations 25), confirmation of compliances of code of conduct by board members and senior management personnel, disclosures by senior management to board of directors relating to material, financial and commercial transactions, familiarization programme imparted to independent directors, etc.

3. Board of Directors (suspended during CIRP) :

The composition of the Board is to have an appropriate mix of Executive and Non- Executive Independent Directors to maintain the independence of the Board and to separate its functions of governance and management.

As per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Board of Directors, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing CIRP under the Code provided that the role and responsibilities of the Board of Directors as specified under regulation 17 shall be fulfilled by the interim resolution professional / resolution professional in accordance with the provisions of the Insolvency Code.

Composition of the Board :

- i. As on March 31, 2020, the company has three Directors, out of which one is Executive Directors and two are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013 ("Act").
- ii. None of the Directors on the Board hold directorship in more than seven public companies. None of the directors are inter-se related.
- iii. Independent Directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- iv. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorship and Committee Chairmanships/ Memberships held by them in other public companies as on March 31, 2020 are given herein below:

Name of the Director	Category	Number of board meetings during the year 2019-20		Whether attended last AGM held on November 29, 2019	Number of Directorship in other Companies	Number of Committee Positions held in other public companies	
		Held	Attended			Chairman	Member
Dr. Rattan Sagar Khanna	Non-Executive Independent Director	NIL	NIL	NO	NIL	NIL	NIL
Mr. Sanjay Dhingra	Executive Director	NIL	NIL	NO	NIL	NIL	NIL
Ms. Swati Chaturvedi*	Non-Executive Women Independent Director	NIL	NIL	NO	NIL	NIL	NIL

* Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However, the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 with MCA.

- v. Before the commencement of Corporate Insolvency Resolution Process (CIRP), the Board meets at regular intervals. During the year under review, no board meetings were held during the year ended on 31st March, 2020 since the powers of the Board of Directors were suspended due to commencement of corporate insolvency resolution process and the same vest in the Resolution Professional. However, five meetings were held and were chaired by Resolution Professional (RP) along with the Key Managerial Persons (KMP) of the Company in accordance with the Section 17 and 23 of Insolvency and Bankruptcy Code 2016 during the financial year 2019-20. The date of meetings are 30th May, 2019, 19th August, 2019, 01st October, 2019, 21st November, 2019 and 14th February, 2020.
- vi. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the company.
- vii. No Independent Directors Meeting was held, as the powers of the Board of Directors stand suspended.

Independent Directors are non-executive directors and meet the criteria as defined under Regulation 16(1)(b) of the SEBI LODR Regulations read with Section 149(6) of the Act.

- viii. Details of equity shares of the company held by the Directors as on March 31, 2020 are given below:

Name	Category	Number of equity shares
Mr. Sanjay Dhingra	Executive Director	5,79,57,397

No Equity Shares and convertible instruments is held by Non- Executive Director.

- ix. No Familiarization Program was held as the powers of the Board of Directors have been suspended due to commencement of corporate insolvency resolution process.
- x. Skill/ Expertise/ Competence of the Board of Directors:

The Board of Directors has identified the following skills/competencies for its effective functions:

1. Leadership and Management Strategy
2. Expertise in FMCG industries.
3. Expertise in marketing, logistics, import & exports, commercial including taxation, public relations and business development.
4. Leading Overseas projects.

Directors Profile As on 31st March, 2020 :**Dr. Rattan Sagar Khanna (DIN: 03073914)**

Dr. Rattan Sagar Khanna did his BVSc & AH and M.Sc. (Hons) from Punjab Agricultural University. He is Diploma holder in Semen Freezing Gynecology & Andrology from Royal Veterinary and Agriculture University, Copenhagen, Diploma in Farm & Science Journalism from Institute of Farm & Science Journalism, New Delhi. With more than 40 years of experience, he has worked at senior positions in Dairy, Farming and in Agriculture Sector in the areas of manufacturing, consulting and marketing. He has joined the Board of "Kwality Limited" in May 2010.

Dr. Khanna is currently consultant to international consulting organization: Guide Point New York and Singapore and is a Council Member and Consultant of Gerson Lehrman Group, New York, USA, Aurum Equity, Gurgaon, is Principal Consultant to Jharnai Dairy, Behrampur (Odisha), is Vice Chairman & Consultant of Centre for Institute of Animal Husbandry and Dairy Development, Noida, Member, Research Advisory Council, World Buffalo Trust, Noida. Dr Khanna is associated with the Indian Dairy Association in various capacities since 1992, is Co-Chairman Food & Agri Processing Committee of the PHD Chamber of Commerce & Industry, New Delhi, Member of the Industry Committees of the Food Standards & Safety Authority of India (FSSAI), New Delhi.

In the past, Dr. Rattan Sagar Khanna has been consultant to the Department of Animal Husbandry, Dairy & Fisheries, Government of India, New Delhi. He has held International assignments in the dairy sector with the World Bank, Asian Productivity Organisation, Japan, Policy Reforms Committee of Pakistan, JE Austin Associates, Inc. Lahore and Consultant Dairy and Animal Feed Groups of the Sayga Investment Co. Ltd., Khartoum, Sudan. And has carried out many developmental and commercial assignments in Nepal, Sri Lanka, Pakistan, Vietnam, Denmark, and Germany. He has visited the Europe, Asia, UAE, New Zealand, and Africa.

He was Chief Executive Animal Feeds Business in Ayurvet Limited, Advisor to the GCMMF, General Manager in Gujarat Co-operative Milk Marketing Federation, New Delhi, Managing Director of Rajasthan Cooperative Dairy Federation, Jaipur, Resident Representative (Northern Region) of National Dairy Development Board, New Delhi, and Head (Projects) of Indian Dairy Corporation, Baroda.

Sanjay Dhingra (DIN: 00025376)

Shri Sanjay Dhingra has rich experience over two decades in diversified activities such as Manufacturing, Trading & International Marketing in the FMCG sector. He has led the group's activities from the front. It is his visionary attributes that has manifested in the expansion of the business and enlargement of the value chain both in upstream and downstream sectors.

His business acumen combined with his grass root level exposure in the FMCG Industry has been instrumental in making Kwality Limited one of the fastest growing companies in the Dairy Sector. Under his able leadership the company has successfully established itself as a dominant player in the dairy industry in the country.

Shri Sanjay Dhingra was felicitated by then Hon'ble Union Finance Minister Mr. Pranab Mukherjee for being a successful, self-made industrialist and for his immense contribution to the Dairy sector.

Swati Chaturvedi (DIN: 08187398)

Ms. Swati Chaturvedi (DIN- 08187398) , aged 42 years , Qualification B.Com, ACMA ,is a member of the Institute of Cost accountants of India. She is a Practicing Cost Accountant having more than 10 years of experience in the field of Cost audit, Internal Audit, Finance & Accounts and Statutory Compliance matters of different segment of domestic industry. She is a visiting faculty at The Institute of Cost Accountants of India (ICMA) and The Institute of Company Secretaries of India (ICSI) since the year 2005. She has active role in different capacity in Noida Chapter of the Institute of Cost Accountants of India and currently holds the position of Secretary in the Management Committee of the Noida Chapter of the Institute of Cost Accountants of India.

4. Board Committee's :

The provisions as specified in regulations 18, 19, 20 and 21 are not applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code.

The Board had constituted various Committees with an optimum representation of its members and with the specific terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations.

A. Audit Committee :

- i. As per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Audit Committee, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing CIRP under the Code. The audit committee of the company was constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.
- ii. The terms of reference of the audit committee were broadly as under:
 - Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgement by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency to monitor the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The audit committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
 - statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - management letters / letters of internal control weaknesses issued by the statutory auditors;
 - internal audit reports relating to internal control weaknesses; and
 - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- iii. The Company Secretary acts as Secretary of the Committee.
- iv. the composition of the Audit Committee was Dr. Rattan Sagar Khanna, Non-Executive Independent Director, Mr. Sanjay Dhingra, Executive Director and Ms. Swati Chaturvedi, Non-Executive Independent Director.

Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However, the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 with MCA.

- v. As stated above Regulation 18 is not applicable on the company, hence no meeting of audit committee was held during the year ended 31st March, 2020.

B. Remuneration, Compensation and Nomination Committee :

- i. As per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Remuneration, Compensation and Nomination Committee, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing CIRP under the Code. The Remuneration, Compensation and Nomination Committee of the Company was constituted in line with the provisions of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Act, which shall comprise of at least three directors, all of whom shall be non-executive directors and at least half of the directors shall be Independent Directors. Chairman of the committee shall be an independent director.
- ii. The broad terms of reference of the Remuneration, Compensation and Nomination Committee are as under:
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
 - Formulation of criteria for evaluation of performance of Independent Directors and the Board of directors;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
 - Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
 - Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.
- iii. The Remuneration, Compensation & Nomination Committee determine the appropriate characteristics, skills and experience for the Board as a whole, as well as its individual members. The selection of Board members is based on recommendations of the Nomination and Remuneration Committee.
- iv. The Remuneration policy of the Company is directed towards a structure that will reward and retain talent and provides for a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- v. The Committee is also responsible to formulate the ESOP Scheme and to discharge all the function of the compensation committee under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- vi. Prior to commencement of CIRP, The Remuneration, Compensation and Nomination Committee was chaired by Ms. Swati Chaturvedi, Non-Executive Independent Director along with other member.
- Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 with MCA. And as the company is under the Corporate Insolvency Resolution Process (CIRP), the committee has not been reconstituted.
- vii. As stated above, Regulation 19 is not applicable on the company, hence no meeting of Remuneration, Compensation and Nomination Committee was held during the year ended 31st March, 2020.
- viii. Performance Evaluation Criteria for Independent Directors:

The performance of the Independent Directors was evaluated taking into account the time devoted, strategic guidance to the Company, advice given for determining important policies, external expertise provided and independent judgment that contributes objectively in the Board's deliberation.

ix. Remuneration Policy:

Remuneration Policy of the Company was designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of directors and Key Managerial Personnel (KMP's) had been formulated in terms of the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to pay equitable remuneration to the directors and KMP's of the company and to harmonize the aspirations of human resources consistent with the goals of the company.

The company pays remuneration by way of salary, benefits, perquisites, and allowance (fixed component) and commission (variable component) to its Managing Director and the Executive Directors.

The company used to pay sitting fees of Rs 10,000 per meeting to its Non-Executive Directors for attending meetings of the Board. The members have at the AGM of the Company held on September 30, 2015 approved for payment of commission to the Non-Executives Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act.

- x. The Details of Remuneration during the year ended March 31, 2020 as follows:-
- Non-Executive and Independent Directors:
During the year, no sitting fees was paid to non-executive directors of the company.
 - Managing Director and Executive Director

(In lakhs)

Name of Director	Salary (Rs in Lakhs)	Benefits/ Bonus/ Pension	Commission	No. of Stock options granted during the year
Mr. Sanjay Dhingra*	-	-	-	-

*Mr. Sanjay Dhingra has forgone his remuneration with effect from December 01, 2018.

C. Stakeholders Relationship Committee :

- As per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Stakeholders Relationship Committee, shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing CIRP under the Code. The Stakeholder's Relationship Committee was constituted in line with the provisions of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Act to specifically look into redressal of shareholder's and investor's grievances such as transfer, dividend and demat related matters.
- The broad terms of reference of the Stakeholder's Relationship Committee were as under:
 - Consider and resolve the grievances of security holders of the company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend/notice/annual reports, etc. and all other security-holders related matters.
 - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
- As stated above, Regulation 20 is not applicable on the company, hence no meeting of Stakeholders Relationship Committee was held during the financial year 2019-20.
- Prior to commencement of CIRP, The composition of the Stakeholder's Relationship Committee was Dr. Rattan Sagar Khanna, Non-Executive Independent Director, Mr. Sanjay Dhingra, Executive Director and Ms. Swati Chaturvedi, Non-Executive Independent Director.

Ms. Swati Chaturvedi has tendered resignation from the post of Women Independent Director w.e.f July 01, 2019, which was disapproved by the Committee of Creditors of the Company in their meeting held on July 15, 2019. However, the director suo-moto filed requisite form for resignation w.e.f. from July 01, 2019 with MCA.

- Name, designation and address of Compliance Officer:

Mr. Pradeep K. Srivastava
Company Secretary
KDIL House, F-82, Shivaji Place,
Rajouri Garden, New Delhi-110027
Ph: 011-47006500 (100 lines)

- Details of investor complaints and addressed during the year 2019-20 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	7	7	0

D. CSR Committee :

CSR Committee of the Company was constituted in line with the provisions of Section 135 of the Companies Act, 2013. The broad terms of reference CSR committee is as follows:

- Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the company as specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred to above;
- Monitor the CSR Policy of the Company from time to time

Since the powers of Board of Directors and committees thereof are suspended during CIRP, No meeting of CSR Committee was held during the financial year 2019-20.

5. Code of Conduct :

The company has laid down a comprehensive Code of Conduct for Directors and Senior Management and employees of the Company as per the requirement of Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code has also been posted on the website of the Company.

6. General Body Meetings :

i. Detail of last three Annual General Meeting ("AGM")

Year	Date	Time	Location
2018-2019	29.11.2019	9.30 A.M.	Bristol Farms, Palla Bakhtawar Pur Road, G.T. Karnal Road, Delhi - 110036
2017-2018	29.09.2018	9.30 A.M.	Lavanya, G.T. Karnal Road, Palla Bakhtavarpur Road, Alipur, New Delhi - 110036
2016-2017	29.09.2017		

ii. Following Special Resolutions were passed at AGM held in 2016-2017:-

- Issue of securities of the company for an amount of upto Rs 15,000 Million
- Increase in remuneration of Mr. Manjit Dhaiya

Following Special Resolutions were passed at AGM held in 2017-2018:-

- Increase In The Limit Of Shareholding By Registered Foreign Portfolio Investors (FPIs)/Foreign Institutional Investors (FIIs) From 24% Upto 74% Of The Paid Up Equity Share Capital Of The Company
- Issue of Securities Of The Company For An Amount Of Up To Rs 5,000 Million

iii. Remote e-voting and e-voting during the AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the company has arranged for a remote e-voting facility. The company has engaged CDSL to provide e-voting facility to all the members. Members whose name appear on the register of members as on December 17, 2020 shall be eligible to participate in the e-voting.

Further as the AGM is being conducted through VC/OAVM facility, the shareholders have been given facility to vote through e-Voting system available during the AGM. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

iv. Postal Ballot held during the Financial Year 2019-20

No postal ballot has been conducted or is proposed to be conducted during the year under review.

7. Other Disclosure :

a. Related Party Transactions

All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business. The policy for related party transactions has been uploaded on the Company's Website at the following link <http://kwalitiy.com/investor-relations#corporateGovernance>.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2016-17, 2017-18 and 2018-19 respectively:

SEBI imposed a penalty of Rs. 12,00,000 (Rupees Twelve Lakhs) vide its order no. EAD-5/SVKM/DS/AO/76-81/2017-18 dated July 13, 2017 for non-compliance under the Regulation of SEBI PIT and SAST Regulation in the year 2011 on Kwalitiy Limited and then Promoters.

Further the stock Exchanges i.e. NSE and BSE has imposed penalty for the delayed filing of Financial Results as per the Regulation 33 of the SEBI (Listing Obligation and Listing Requirements) Regulations, 2015 for the quarter June 30, 2019 and September 30, 2019 amounting to Rs. 23,600 and 41,300 respectively.

c. The company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for directors and employees to report concerns about unethical behavior. The said policy has also been put up on the Company's Website at the following link <http://kwalitiy.com/investor-relations#corporateGovernance>

d. The company has also adopted Policy on Determination of Materiality for Disclosures <http://kwalitiy.com/investor-relations#corporateGovernance>, Policy on Archival of Documents <http://kwalitiy.com/investor-relations#corporateGovernance>.

e. Since the Company is under CIRP, the discretionary/ non-mandatory requirements as stipulated in Regulation 27(1) read with Part E of Schedule II of the SEBI (LODR) Regulations, 2015 could not be adopted by the Company.

f. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) : Not Applicable

g. Certificate by Practicing Company Secretary

The Company has received certificate from Mr. Mukun Arora, Partner, Mukun Vivek & Associates, Practising Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing

as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority. The certificate is enclosed with this section as Annexure A.

h. Total Fees paid to the Statutory Auditor of the Company:

Total fees (excluding Out of pocket expenses & applicable taxes) of Rs. 8,00,000 (Rupees Eight Lakhs only) for the Financial year 2019-20, for all services, was paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory is a part.

i. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. Number of complaints filed during the financial year: NIL
- b. Number of complaints disposed of during the financial year: NIL
- c. Number of complaints pending as on end of the financial year: NIL

j. Reconciliation of Share Capital Audit :

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

k. Code of Conduct :

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities of the Company by the Designated. Pursuant to initiation of CIRP process vide NCLT order dated 11th December, 2018, the powers of the Board of Directors stood suspended with effect from 11th December, 2018. Hence, only the CFO certification is provided with this report.

8. Subsidiary Companies :

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiary is available on the website of the Company under the weblink: <http://kwality.com/investor-relations#corporateGovernance>

9. Means of Communication :

a. Publication of Quarterly results :

Quarterly, half-yearly and annual financial results of the Company are published in leading english and hindi newspapers in India which include Business Standard. The results are also displayed on the Company's Website www.kwality.com.

b. Website and News Releases :

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investor Relation' on the Company's website gives information on various announcements made by the Company, Annual Report, Quarterly/Half yearly/ Nine-months and Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website (www.kwality.com).

c. Stock Exchange :

The Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI. NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically.

d. Reminders to Investors :

Reminders to shareholders for claiming returned share certificates, unclaimed dividend are regularly dispatched.

10. General Shareholder Information :

i. Annual general Meeting for FY 2019-20

Date	December 24, 2020
Time	11:30 AM
Day	Thursday

The AGM will conducted through Video Conferencing (VC) / Other Audio Visual Means (OAVM) will be host at Registered Office of the Company i.e. KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi – 110027.

ii. Financial Year and Book Closure:

Financial Year	April 01 to March 31
AGM	December 24, 2020
Book Closure/Record Date	December 18, 2020 to December 24, 2020 (both days inclusive)

iii. Listing on Stock Exchanges

Stock Exchanges	Address	Stock Code/Symbol
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	531882
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	KWALITY

Listing fees as applicable have been paid

iv. Corporate Identity Number (CIN) of the Company: L74899DL1992PLC255519

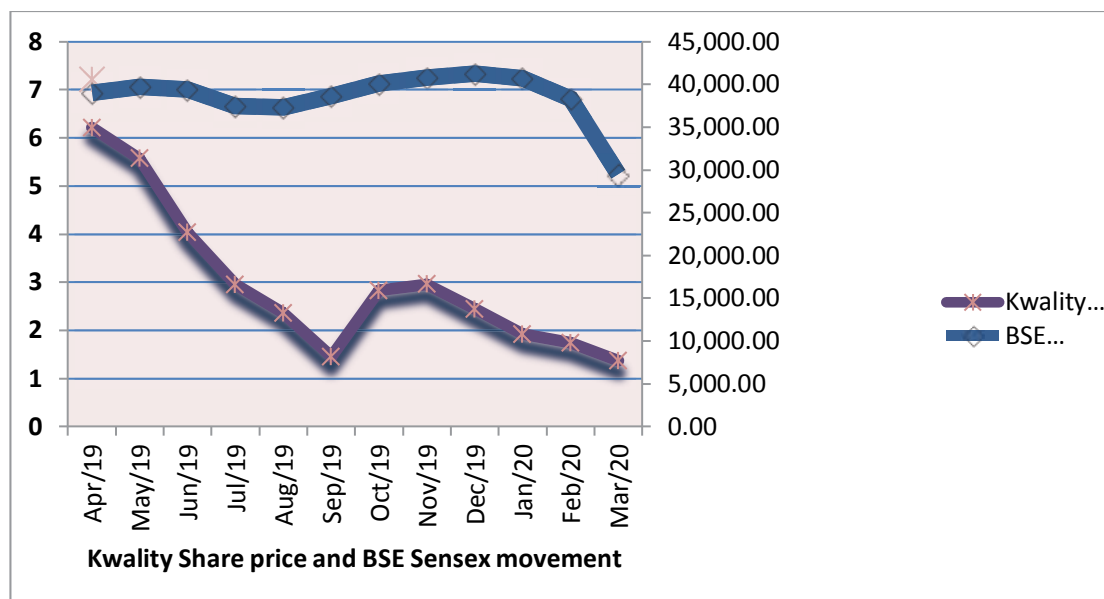
v. Dividend Policy:

Prior to Commencement of CIRP, dividends are declared at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may recommend dividends, at its discretion, to be paid to our members. Generally, the factors that may be considered by the Board before making any recommendations for the dividend include, but are not limited to, future capital expenditure plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, as well as exemption under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividend(s) to shareholders.

vi. Market Price Data:

Month	NSE			BSE		
	High (Rs)	Low(Rs)	Total number of equity shares traded	High (Rs)	Low(Rs)	Total number of equity shares traded (in cr.)
Apr-2019	7.55	6.00	2,17,90,304	7.62	6	34,82,897
May-2019	6.45	5.30	1,38,34,098	6.59	5.31	21,36,547
Jun-2019	5.45	2.25	22,108,285	5.55	2.19	52,42,662
Jul-2019	4.65	2.75	1,06,72,848	4.74	2.79	28,80,551
Aug-2019	3.05	2.00	1,07,96,329	3.05	1.98	19,24,000
Sep-2019	2.40	1.45	1,74,18,063	2.39	1.45	66,24,319
Oct-2019	2.50	1.30	50,00,328	2.83	1.3	63,36,795
Nov-2019	3.75	2.45	65,84,785	4.05	2.45	62,40,154
Dec-2019	3.20	2.30	67,59,302	3.41	2.28	22,93,312
Jan-2020	2.50	1.90	51,44,351	2.55	1.92	12,30,470
Feb-2020	2.15	1.70	46,18,881	2.17	1.66	11,74,117
Mar-2020	1.80	1.25	1,10,26,822	1.79	1.25	20,56,780

vii. Performance of the Share Price of the Company in comparison to the BSE Sensex:



viii. Registrar and Share Transfer Agents

Beetal Financial & Computer Services (P) Ltd.
 Beetal House, 3rd Floor, 99 Madangir,
 Behind Local Shopping Centre, Near Dada
 Harsukhdas Mandir,
 New Delhi-110062
 Phone no.: +91-11-29961281-83
 Fax: 91-11-29961284
 Email: beetal@beetalfinancial.com, beetalrta@gmail.com
 Website: www.beetalfinancial.com

ix. Share Transfer System

The share transfer activities in respect of the shares in physical mode are carried out by our RTA, M/s. Beetal Financial & Computer Services (P) Ltd. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects. In respect of shares held in dematerialized mode, the transfer takes place instantaneously between the transferor and transferee at the depository participant(s) through which electronic debit/ credit of the accounts are involved.

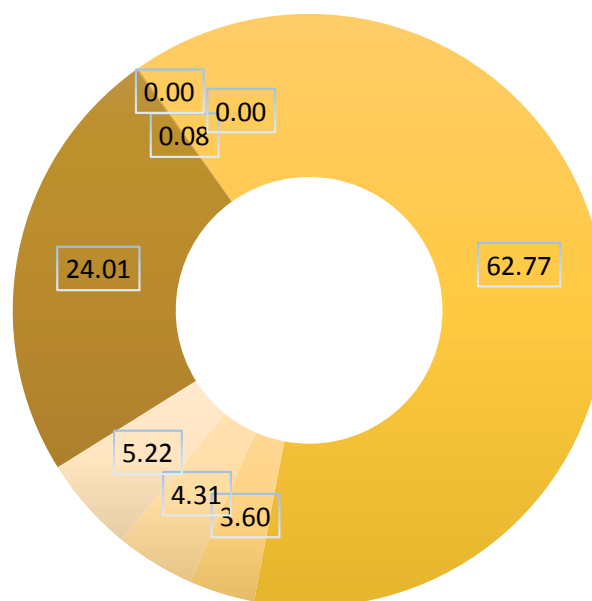
Your Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files a copy of the said certificate with BSE & NSE.

x. Shareholding as on March 31, 2020:**a. Distribution of equity shareholding as on March 31, 2020**

No. of Shares	No. of Shareholders		No. of Equity Shares	
	Total	% of Share- Holder	Total	% of Share Capital
1-5000	99098	94.41	68098464	28.22
5001-10000	3251	3.10	24251894	10.05
10001-20000	1513	1.44	21702510	8.99
20001-30000	420	0.40	10331253	4.28
30001-40000	209	0.20	7432545	3.08
40001-50000	141	0.13	6502374	2.69
50001-100000	217	0.21	15847849	6.57
100001 & above	120	0.11	87187493	36.12

b. Categories of Equity Shareholders as on March 31, 2020

Category	Number of equity shares held	Percentage of holding
Promoters & Promoter Group	57957397	24.01
Foreign Portfolio Investor	0	0
Financial Institutions and Banks	877	0.00
Mutual Funds	0	0
Alternate Investment Funds	203077	0.08
Individuals- Nominal Value upto 2 Lakh	151502065	62.77
Individuals- Nominal Value more than 2 Lakh	8695089	3.61
Body Corporate	10400340	4.31
HUF	3863599	1.60
NRI	5463279	2.26
Trusts	1000	0.00
Clearing Member	1172596	0.49
IEPF Authority	2095063	0.87
GRAND TOTAL	241354382	100



- Promoter
- Alternate Investment Fund
- Foreign Portfolio Investros
- Financial Inst/banks
- Individual Normal Value upto Rs.2 lakhs
- Individual Normal Value more than Rs.2 lakhs
- Banks & Corporates
- Others

c. Top ten equity shareholders of the Company as on March 31, 2020:

S. No	Name of the Shareholder	Number of equity shares held	Percentage of holding
1.	Sanjay Dhingra	57957397	24.01
2.	Bennett Coleman And Company Limited	3437419	1.42
3.	Investor Education and Protection Fund Authority	2095063	0.87
4.	HT Media Limited	1758347	0.73
5.	Trisigma Apex Services LLP	849996	0.35
6.	Aakanksha Magan	828000	0.34
7.	Rahul Dhruv	720000	0.30
8.	Bhupatrai Gordhandas Gandhi	710000	0.29
9.	Prabhakaran S	503587	0.21
10.	Rahul Dhuper	478605	0.20

• Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity Shares of the Company representing 98.66% of the Company's Equity Share Capital are dematerialized as on March 31, 2020.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Shares and Debentures is INE775B01025 and INE775B07014 respectively.

Pursuant to the Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended from time to time provides that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the demat form with a depository. The same will be effective from December

05, 2018. Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/ dematerialized form. For any clarification, assistance or information, please contact to our RTA i.e. M/s Beetal Financial and Computer Services Private Limited.

- **Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

As on date, there are no outstanding GDRs/ADRs/Warrants or any other Convertible instruments.

- **Commodity price risk and or foreign exchange risk and hedging activities**

The Company takes due care with respect to price risk and foreign exchange fluctuations.

- **Transfer of unclaimed dividend to Investor Education and Protection Fund:**

Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by Central Government, after completion of seven years from the date of transfer to Unclaimed Dividend Account. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholder from IEPFA by making application to the IEPF Authority in Form IEPF-5 as per the procedure prescribed under the aforesaid rules.

During the year under review, the company had sent individual notices and also advertised in the newspaper seeking action from the shareholders who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company transferred the unclaimed dividend of Rs. 551,665.90 /- to the Investor Education and Protection Fund (IEPF). Further 39,666 Equity Shares has also been transferred to the Investor Education and Protection Fund (IEPF).

- **Credit Rating**

Prior to initiation of CIRP, Brickwork Ratings was received in the month of September 2018 with Rating Outlook downgraded for Fund Based Long Term rating as "BWR D (Downgrade)" for bank loan facilities for an amount of Rs 1463 crores, Non-Fund Based Short Term rating as "BWR D (Downgrade)" for an amount of Rs 30 crores and assigned "BWR D (Downgrade)" for issue of Non-Convertible Debentures of Rs 94.45 crores. Subsequently, the CIRP was initiated, on a petition filed by KKR India Financial Services Private Limited against the Company, which was admitted vide an Order dated 11th December 2018 of the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi Bench, under the provisions of the Code. Now presently the rating for Long Term & Short term Bank loan for an amount of Rs. 1463 crores & 30 crores has been withdrawn.

- **Plant Locations**

Village Softa, Tesil & Distt. Palwal, Faridabad, Haryana-121004
Village Mumrejpur, Dibai, Bulandsaher, Uttar Pradesh

- **Disclosures with respect to demat suspense account/ unclaimed suspense account**

(1) The listed entity shall disclose the following details in its annual report, as long as there are shares in the demat suspense account or unclaimed suspense account, as applicable:

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year - NIL
- number of shareholders who approached listed entity for transfer of shares from suspense account during the year NIL
- number of shareholders to whom shares were transferred from suspense account during the year - NIL
- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - NIL
- that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares – NIL

10) Address for correspondence :

The Company Secretary
Kwality Limited,
KDIL House, F-82, Shivaji Place,
Rajouri Garden,
New Delhi-110027
Tel No: 011-47006500 (100 lines)
Fax No: 011-25191800,
E-Mail: Investor@kdil.in,
Website: www.kwality.com

11) Any Shareholder complaint / queries may be addressed to :

Beetal Financial & Computer Services
Private Limited
Beetal house, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre, Near Dada
Harsukhdas Mandir, New Delhi-110062
Phone no.: 91-11-29961281-83,
Fax: 91-11-29961284,
Email: beetal@beetalfinancial.com
beetalrta@gmail.com

ANNEXURE A

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**(Pursuant to clause 10 of Part C of Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015)**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Kwaliti Limited (CIN: L74899DL1992PLC255519) I hereby certify that:

On the basis of the written representation/declaration received from the Directors and taken on record by the Board of Directors, as on March 31, 2020 none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory Authority.

Place: New Delhi
Date: 26th August, 2020

For Mukun Vivek & Company
(Company Secretaries)

UDIN:A015980B000618593

Sd/-
Mukun Arora
(Partner)
ACS No. 15980
C.P No.4766

Address: 28/51, West Patel Nagar, New Delhi -110008

Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Sharad Bhandari (Chief Financial Officer) hereby certify that for the Financial Year 2019-20

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - a. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable law and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee
 - a. significant changes in internal control over financial reporting during the year.
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-

Sharad Bhandari
Chief Financial Officer
Kwaliti Limited
KDIL House, F-82, Shivaji Place
Rajouri Garden, New Delhi-110027

Date: November 02, 2020
Place: New Delhi

AUDITOR'S CERTIFICATE UNDER SCHEDULE V (E) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

COMPLIANCE CERTIFICATE

**To The Members,
Kwality Limited**

We have examined the compliance of conditions of Corporate Governance by Kwality Limited for the year ended on 31st March, 2020 as stipulated in Schedule V (E) of **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, of the said Company with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place: New Delhi
Date: 26th August, 2020**

UDIN:A015980B000618593

**For Mukun Vivek & Company
(Company Secretaries)**

**Sd/-
Mukun Arora
(Partner)
ACS No. 15980
C.P No.4766
Address: 28/51, West Patel Nagar, New Delhi -110008**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

DAIRY INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian dairy industry is projected to grow at a CAGR of 15 per cent year-on-year to reach INR 9.4 trillion by 2020. With India already being the largest dairy producer in the world, its considerable growth can be attributed to the value creation and addition that has been characteristic of this industry. Further disrupting the industry, we saw large-scale technological integration as new-age start-ups began to flourish in the country. These start-ups redefined access to milk by delivering it straight to the consumer's doorstep.

Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major dairy producers. According to the latest report, the dairy market in India reached a value of INR 10,540 Billion in 2019.

OUTLOOK

Along with offering profitable business opportunities, the dairy industry in India serves as a tool of socio-economic development. Keeping this in view, the Government of India has introduced various schemes and initiatives aimed at the development of the dairy sector in the country. On the other hand, the private participation in the Indian dairy sector has also increased over the past few years. Both national and international players are entering the dairy industry, attracted by the size and potential of the Indian market. The focus is being given to value-added products such as cheese, yogurt, probiotic drinks, etc. They are also introducing innovative products keeping in mind the specific requirements of the Indian consumers. These players are also improving their milk procurement network which is further facilitating the development of the dairy industry in India. Looking forward, the Indian dairy market is expected to exhibit strong growth during the next five years.

COMPANY AND MANUFACTURING UNITS AT A GLANCE:

Kwality Limited is a public limited company, listed on BSE and NSE, was incorporated on August 21, 1992, under the Companies Act, 1956 with the name **Kwality Dairy (India) Limited**, which name was later on changed to **Kwality Limited**.

The Company is having two owned milk processing units in UP and Haryana. Company's Softa manufacturing plant at Palwal (Haryana) is a state of Art plant, equipped with all modern techniques.

The Company believes that Customer satisfaction is supreme.

SEGMENT WISE PERFORMANCE:

The Company deals only in one segment i.e. manufacturing of Dairy Products, hence, accordingly there is only single reportable segment.

PERFORMANCE HIGHLIGHTS:

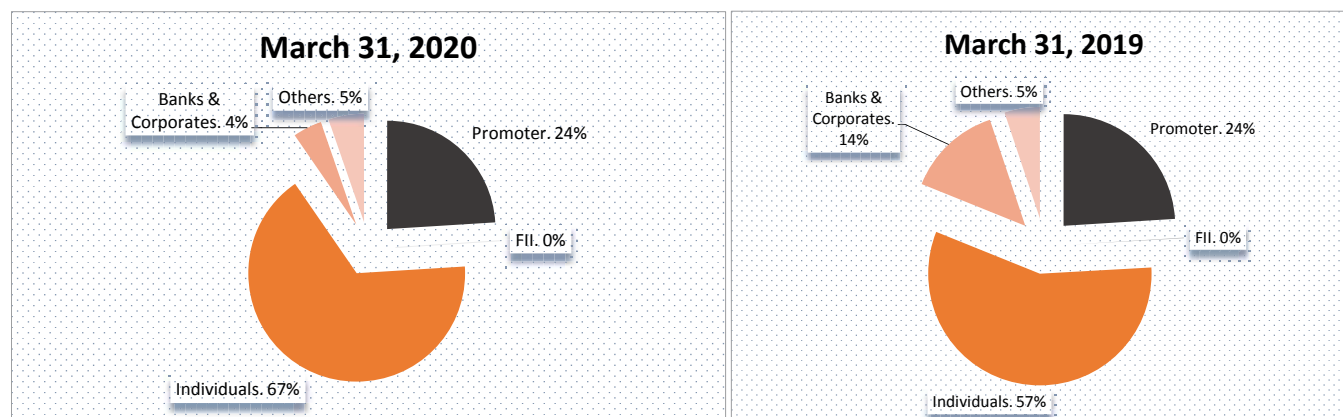
(Rs in Crores)

Performance	2019-20	2018-19	2017-18
Revenue	151.23	2093.81	6737.89
EBITDA	(93.99)	(2630.12)	502.85
Net Profit	(128.74)	(2947.58)	71.11
EBITDA Margin	(62.15)	(125.61)	7.46
Net Block	282.77	319.17	516.28
Net Worth	(1944.75)	(1816.57)	1116.25

CONSOLIDATED FINANCIAL OVERVIEW:

During FY 2019-20, the Company recorded revenue of Rs. 151.32 Cr, EBITDA of Rs. (94.10) Cr. and PAT of Rs. (144.43) Cr. During the previous FY 2018-19, the Company registered revenue of Rs. 2134.69 Cr., EBITDA of Rs. (2888.58) Cr. and PAT of Rs. (3216.15) Cr.

SHAREHOLDING PATTERN



COMPANY'S STRENGTHS & OPPORTUNITIES:

1. Strong brand with distribution network in key markets
2. Modern production facilities and emphasis on quality
3. Differentiated product portfolio
4. The Company has received several quality certifications for our products and production facilities.
5. Skilled and Experienced Management Team
6. Focus on research and development to distinguish products from its key competitors.

The company is endeavouring to progress on the defined path of business transformation and come out of present financial crunch.

CHALLENGES FOR DAIRY SECTOR:

1. Competitiveness, cost of production, productivity of animals etc.
2. Production, processing and marketing infrastructure.
3. Focus on buffalo milk based speciality.
4. Import of value-added products and export of lower value products.

WHOLLY –OWNED SUBSIDIARY:

To enhance International presence, the Company has one wholly owned Subsidiary Kwality Dairy Products FZE, located in Free Trade Zone of UAE., engaged in trading of Milk Products and Import and Export of Skimmed and whole milk powder and other derivatives of milk. As the business operations has been closed in phased manner w.e.f July 11, 2018, no revenue is earned during the FY 2019-20 with loss of 15.69 Cr.

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

RISK & CONCERNS:

We believe that great things never come from comfort zones and so, we are constantly working on way to do things better every single moment. The Company is impacted by the change in the business environment both within the Country and globally and this necessitates continues evaluation. In the current scenario of competitive business environment and open economy across the world, no Company can imagine risk free business environment. Your Company is proactively taken steps to identify and monitor the risk and make efforts to mitigate significant risks that may affected.

The Ministry of home affair vide order No. 40-3/2020-DM-I(A) dated 24 March 2020 exempted manufacturing units of essential commodities from nationwide lockdown imposed on account of Covid-19 pandemic. The Company believes that thus far, there is no significant impact of Covid-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant change in estimates as of now as the Company is running the business and operations as usual.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Internal Control System has designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable Accounting Standards. The internal financial controls with reference to the financial statements were adequate and operating effectively.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

At the core of our success are our employees. We look our employees as our most valuable assets and have been working towards keeping them motivated and enthused. We believe the motivated and enthused employees are more satisfied with their jobs and tasks, and more productive and committed.

The Company is under "Corporate Insolvency Resolution Process" and continuing as going concern under constrained resources and sustaining faith of employees on future of the company. As on March 31, 2020, the Company had 218 number of employees.

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF

Due to loss during the financial year there is decrease in net worth by Rs. 128.18 cr.

CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied.

Independent Auditors' Report

To the members of Kwaliti Limited

(A Company under Corporate Insolvency resolution process vide NCLT order)

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

1. Qualified Opinion

We have audited the accompanying standalone financial statements of Kwaliti Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended 31.03.2020, notes to the financial statements, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "the Standalone Financial Statements")

In our opinion and to the best of our information and according to explanations given to us, except for the effects of the matters described in the Basis of Qualified Opinion paragraph 2 below, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31 March 2020 and its loss, changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion:

- a. The Company has incurred a Net loss of INR 12,874.40 lakhs resulting into net accumulated losses of INR 1,96,888.91 lakhs and erosion of its Net worth as at 31 March 2020. The company has obligations towards lenders, creditors and other agencies. The process of filing, verification and acceptance of claims has been completed by the RP pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). No accounting impact in the books of accounts has been made in respect of excess, short, non-receipt of claims or liabilities earlier not recorded in the books of accounts but now quantified and accepted by RP for operational and financial Creditors hence consequential impact, if any, is not ascertainable and we are unable to comment on the possible financial impacts of the same.
- 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 8,97,440.28 lakhs (including income tax claim of INR 17798.69 lakhs, which has already been accepted earlier & is recognized in the books and the balance amount is under appeal) beginning from AY 2011—12 till AY 2018-19. Income Tax authorities has belatedly filed claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (which also included claim of INR 17798.69 lakhs filed & admitted earlier and the amounts under appeals) on 20.01.2020 with the Resolution Professional. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on November 5, 2019, and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code, the Resolution Professional has not collated and verified the additional claim submitted by income tax authorities.

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of financial statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of The Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3. EMPHASIS OF MATTER

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

- a. Attention is drawn to Note no. 47 of the standalone financial statements; The Company continues not to assess impairment of carrying value of tangible assets, capital work in progress and intangible assets in accordance with requirements of Ind AS - 36 on "Impairment of Assets". We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's tangible assets, capital work in progress and intangible assets. Consequently, we are unable to determine whether any adjustments to carrying value are necessary and consequential impacts on the standalone financial statements.
- b. Attention is drawn to Note no. 31 of the Standalone Financial Statements regarding non-recognition of interest on borrowing from banks and, financial institutions and bank charges on borrowing from banks and financial institutions subsequent to insolvency commencement date i.e. 11th December 2018. The company has not recognized any interest on these amounts. The same is not in compliance with requirements of Ind AS. Had provision for interest, bank charges and exchange difference been recognized, finance cost and total expenses, would have been higher and loss and total comprehensive loss for year ended would also have been higher, having consequential impact on other current financial liability and other equity.

Our opinion is not modified in respect of above matters

4. Material Uncertainty Related to Going Concern

The Company has incurred cash losses, its liabilities exceeded total assets and its net worth has been fully eroded as on 31st March 2020. Capacity utilization of manufacturing processing facilities is very low and Corporate Insolvency Process against the Company is in process. Since the CIRP is currently in progress, as per the Code, it is required that the Company be managed as a going concern during the CIRP. The standalone financial statements is continued to be prepared on going concern basis. However there exists material uncertainty about the Company's ability to continue as going concern since the application filed by the resolution applicant seeking a direction against the CoC to approve the resolution plan is sub-judice before the Hon'ble NCLT. Hence the application for liquidation of the Company filed by

RP with NCLT is in abeyance until the said application filed by the resolution applicant is decided by the NCLT. The appropriateness of preparation of standalone financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Our opinion is not modified in respect of this matter.

5. Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors / Resolution Professional are responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the standalone financial statements and our auditor's report thereon), which is expected to be made available to us after that date. Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

6. Responsibilities of Management/ Board of Directors/ Resolution Professional for the Standalone Financial Statements

The Company's Board of Directors/Resolution Professional / Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors / Resolution Professional /Management are also responsible for overseeing the Company's financial reporting process.

Pursuant to ongoing Corporate Insolvency Resolution Process (CIRP) powers of the Board of Directors have been suspended and these powers are now vested with Resolution Professional (RP).

7. Auditor's Responsibility for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit, in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of The Companies Act, 2013 we are also responsible for expressing an opinion on whether the company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management/directors/ RP.
- Conclude on the appropriateness of the management's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

8. Report on Other Legal and Regulatory Requirements:

- (1) As required by The Companies (Auditors Report) Order, 2016 (The Order) , issued by the Central Government of India, in terms of sub section (11) of section 143 of The Companies Act, 2013 we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) Further to our comment in the Annexure A, as required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - (c) There are no branch offices of the company having separate branch auditors.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (e) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the management/RP as on 31 March 2020, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) The matters described in the Basis for Qualified Opinion paragraph above, and the matters described in the Material uncertainty relating to Going Concern may have an adverse impact on the functioning of the company.
 - (h) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (i) The qualifications to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has a lot of pending litigations and as detailed in Note No 38 to the standalone financial statements has disclosed the impact of pending litigations on its financial position.
 - (ii) The company has no foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B. RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No: 011798N

Sd/-

Bishamver Kumar Karn

Membership No: 094790

Partner

UDIN: 20094790AAAAAQ5977

Place: New Delhi

Date: 29 July 2020

ANNEXURE "A" TO INDEPENDENT AUDITORS REPORT
REPORT AS PER THE COMPANIES (AUDITORS REPORT) ORDER, 2016

Referred to in Point No. 1 of "Report on Other Legal and Regulatory Requirements" of the Independent Auditors Report of even date to the financial statements of Kwality Limited for the year ended 31 March 2020.

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information except assets were not tagged with any unique identification number.
- (b) As explained to us, the fixed assets have been physically verified by management at periodical intervals and no material discrepancies were noticed.
- ii. As explained by management, there is a system of physical verification of inventory at periodic intervals, which is adequate to the size of the company and the nature of its business. No material discrepancies were noticed on physical verification between physical stock and books of accounts.
- iii. As per the information and explanations provided to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. As per the information and explanations provided to us, compliance with Section 185 and 186 of the Companies Act, 2013 in respect of the loans, investments, guarantees and security are not applicable.
- v. As per the information and explanations given to us the company has not accepted any deposits under the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.
- vi. As per information and explanations received from the management, the company has maintained the cost records as prescribed by the Central Government under Section 148(1) of the Companies Act, 2013.
- vii. (a) The company is generally regular in depositing undisputed statutory dues including customs duty, and any other statutory dues with the appropriate authorities except Income tax, provident fund, employees state insurance and Tax Deducted at Source. According to the information and explanations given to us undisputed amounts payable for above statutory dues are outstanding as on the last day of the financial year for a period of six months from the date they became payable.

Name of the Statute	Name of the dues	Net amount payable (Amount in INR lakhs)	Period to which the amount relates (Financial year)	Due Date	Date of Payment
Income Tax act, 1961	Income Tax	5,444.76*	2015-16	30 Nov 2016	Not Paid
Income Tax act, 1961	Income Tax	6,195.96*	2016-17	30 Nov 2017	Not Paid
Income Tax act, 1961	Income Tax	7,187.72*	2017-18	30 Nov 2018	Not Paid
Income Tax act, 1961	TDS	94.95*	2017-18		Not Paid
Income Tax act, 1961	TDS	377.77*	2018-19		Not Paid
Employees' Provident Fund Organisation	EPF	11.21	2018-19		Not Paid
Employees' State Insurance	ESIC	0.94	2018-19		Not Paid

*Amount has been claimed under the Insolvency and Bankruptcy Code, 2016

- (b) According to the explanations and information given to us, there are disputed amounts in respect of government dues not deposited with appropriate authorities.

Name of the Statute	Name of the dues	Net Amount payable (INR in lakhs)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Uttar Pradesh VAT	VAT	7.50	2013-14	Addl. Comm. (Appeal), Bulandshahr
Uttar Pradesh VAT	VAT	33.80	2014-15	Tribunal (2nd Appeal), Aligarh
Uttar Pradesh VAT	VAT	3.38	2014-15	Allahabad High Court
Uttar Pradesh VAT	VAT	17.54*	2015-16	Addl. Comm. (Appeal), Bulandshahr
Uttar Pradesh VAT	VAT & CST	428.61	2016-17	Addl. Comm. (Appeal), Bulandshahr
Haryana VAT	VAT	3.87*	2012-13	DETC Cum Assessing Authority, Palwal

Haryana VAT	VAT	340.86*	2013-14	DETC (ST) Cum Assessing Authority, Palwal
Haryana VAT	VAT	1008.57*	2014-15	DETC (ST) Cum Assessing Authority, Palwal
Haryana VAT	VAT	386.90*	2015-16	ETO cum Assessing Authority, HARYANA
Haryana VAT	VAT	481.20*	2016-17	ETO Cum Assessing Authority, HARYANA
Haryana VAT	VAT	210.08*	2017-18	ETO Cum Assessing Authority, HARYANA
Haryana GST	Trans 1	921.64*	2017-18	ETO Cum Assessing Authority, HARYANA
Haryana VAT	Service Tax	6.36	2015-16 & 2016-17	Superintendent (Audit), Audit Circle-6, Faridabad
Rajasthan VAT	VAT	18.46	2014-15	Appellate Authority, Appeals III, Jaipur
Delhi VAT	VAT	10.87	2012-13	Commissioner (VAT), Appeals, Delhi
Punjab VAT	VAT	16.08	2012-13	DETC(Appeals) cum JD(Appeals) Patiala
Punjab VAT	VAT	5.96	2012-13	DETC(Appeals) cum JD(Appeals) Patiala
Punjab VAT	VAT	7.85	2016-17	AETC, Mobile Wing, Amritsar
Rajasthan VAT	VAT	0.02*	2016-17	CTO, Jaipur 1, Special III
GST Intelligence, Gurugram	GST	15147.63	2017-18 & 2018-19	Directorate General of GST Intelligence
Customs, Excise & Service Tax	EPCG	182.52*	2019-20	Commissioner of Customs, Nhava Sheva
Customs, Excise & Service Tax	DEPB Credit	69.44	2012-13	Customs and Service Tax Appellate, Mumbai
Income Tax act, 1961	Income Tax	8,97,440.27^	2010-11 to 2017-18	Commissioner of Income Tax (Appeal)

*Amount has been claimed under the Insolvency and Bankruptcy Code, 2016

^ Includes INR 18828.44 lakhs covered in Undisputed Statutory Dues more than six months as for FY 2015-16, 2016-17 and 2017-18.

- (viii) Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Delhi Bench of the National Company Law Tribunal ("NCLT"). Owing to the initiation of CIRP, the borrowings are considered as currently payable. For further details refer note 19 of standalone financial statements.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted accounting practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company by its officers and employees noticed or reported during the year, nor have we been informed of any such case by the management/RP.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided within mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) As the company is not a Nidhi company the Nidhi Rules 2014 are not applicable to the company.
- (xiii) According to the information and explanations given to us, the company has made disclosure as regards related party relationship in accordance with the notified "Indian Accounting Standard -24, Related Party Disclosure".
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3 of the Order are not applicable to the company.
- (xv) According to the information and explanations given to us, the company does not deal with, if any, non-cash transactions with any of its directors or persons connected with him.

(xvi) According to the information and explanations given to us, the company is not required to be registered under Section 45 IA of The Reserve Bank of India Act, 1934.

For B. RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No: 011798N

Sd/-

Bishamver Kumar Karn

Membership No: 094790

Partner

UDIN: 20094790AAAAAQ5977

Place: New Delhi

Date: 29 July 2020

ANNEXURE "B" TO INDEPENDENT AUDITORS REPORT

(REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING)

(Referred to paragraph 2(h) of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors Report of even date on the financial statements of Kwality Limited)

Report on the Internal Financial Controls under Clause(i) of Sub Section 3 of Section 143 of the Companies Act, 2013 (The Act).

1. We have audited the internal financial controls over financial reporting of Kwality Limited as on 31 March 2020 in conjunction with our audit of financial statements of the company for the year ended on that date.

2. Managements Responsibility for Internal Financial controls

The Board of Directors/Resolution Professional of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to companies policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Act.

3. Auditors Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls., both applicable to an audit of internal financial controls and both issued by ICAI. Those Standards and Guidance Notes require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting include obtaining an understanding of internal financial controls over financial reporting, assessing a risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting.

6. Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management, directors and RP of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

7. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

8. Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For B. RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No: 011798N

Sd/-

Bishamver Kumar Karn

Membership No: 094790

Partner

UDIN: 20094790AAAAAQ5977

Place: New Delhi

Date: 29 July 2020

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results**

(Standalone)

(All amount in INR lakhs, unless otherwise stated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	15,123.39	15,123.39
	2.	Total Expenditure	27,997.79	906,609.63
	3.	Net Profit/(Loss)	(12,874.40)	(891,486.24)
	4.	Earnings Per Share of INR 1 each	(5.33)	(369.37)
	5.	Total Assets	31,252.43	31,252.43
	6.	Total Liabilities	225,727.80	1,104,339.64
	7.	Net Worth	(194,475.37)	(1,073,087.21)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	1.	<u>Audit Qualification (each audit qualification separately):</u>		
	a.	Details of Audit Qualification:		
		The Company has incurred a Net loss of INR 12,874.40 lakhs resulting into net accumulated losses of INR 1,96,888.91 lakhs and erosion of its Net worth as at 31 March 2020. The company has obligations towards lenders, creditors and other agencies. The process of filing, verification and acceptance of claims has been completed by the Resolution Professional ('RP') pursuant to ongoing Corporate Insolvency Resolution Process ('CIRP'). No accounting impact in the books of accounts has been made in respect of excess, short, non-receipt of claims or liabilities earlier not recorded in the books of accounts but now quantified and accepted by RP for operational and financial Creditors hence consequential impact, if any, is not ascertainable and we are unable to comment on the possible financial impacts of the same.		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first-time / repetitive / since how long continuing		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification: NA		
	(ii)	If management is unable to estimate the impact, reasons for the same:		
		Since the company is under CIRP, Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the outcome of the proceedings pending with NCLT going forward.		
	(iii)	Auditors' Comments on (i) or (ii) above:		
		Refer "Basis for Qualified Opinion" in audit report the same is self explanatory.		
	2.	<u>Audit Qualification (each audit qualification separately):</u>		
	a.	Details of Audit Qualification:		
		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 8,97,440.28 lakhs (including income tax claim of INR 17,798.69 lakhs, which has already been accepted earlier & is recognized in the books and the balance amount is under appeal) beginning from AY 2011-12 till AY 2018-19. Income Tax authorities has belatedly filed claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (which also included claim of INR 17,798.69 lakhs filed & admitted earlier and the amounts under appeals) on 20.01.2020 with the Resolution Professional. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on November 5, 2019, and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code, the Resolution Professional has not collated and verified the additional claim submitted by income tax authorities.		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		

	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Legal and tax matters litigations are pending for outcome with various authorities therefore they have been considered as contingent liability and appropriately disclosed in annual financial statements. e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: NA (ii) If management is unable to estimate the impact, reasons for the same: NA (iii) Auditors' Comments on (i) or (ii) above: Refer "Basis for Qualified Opinion" in audit report the same is self explanatory.		
III.	<u>Signatories:</u> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Sd/- (Sharad Bhandari) Chief Financial Officer PAN : AAFPB5053P Place : New Delhi Date : 29 July 2020 </td><td style="width: 50%; vertical-align: top;"> Sd/- (Shailendra Ajmera) Resolution Professional IP Registration no. IBBI/IPA-001/ IP-P00304/2017-18/10568 </td></tr> </table>	Sd/- (Sharad Bhandari) Chief Financial Officer PAN : AAFPB5053P Place : New Delhi Date : 29 July 2020	Sd/- (Shailendra Ajmera) Resolution Professional IP Registration no. IBBI/IPA-001/ IP-P00304/2017-18/10568
Sd/- (Sharad Bhandari) Chief Financial Officer PAN : AAFPB5053P Place : New Delhi Date : 29 July 2020	Sd/- (Shailendra Ajmera) Resolution Professional IP Registration no. IBBI/IPA-001/ IP-P00304/2017-18/10568		
IV.	<u>Auditors:</u> Refer our Independent Auditors Report dated 29 July 2020 on Standalone Financial Results of the Company For B. Rattan & Associates Chartered Accountants Firm's Registration No. : 011798N Sd/- Bishamver Kumar Karn Membership no. 094790 Partner Place : New Delhi Date : 29 July 2020		

Standalone Balance Sheet as at 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	27,552.03	31,158.43
Capital work-in-progress	6	662.16	662.16
Intangible assets	7	62.91	95.95
Financial assets			
Investments	8	17.46	16.66
Loans	9 A	160.05	166.56
Other financial assets	10	63.11	60.93
Deferred tax assets (net)	11	-	-
Other non-current assets	12 A	-	4,915.63
Total non - current assets		28,517.72	37,076.32
Current assets			
Inventories	13	509.09	1,226.53
Financial assets			
Trade receivables	14	1,516.24	5,823.16
Cash and cash equivalents	15	302.06	186.90
Other bank balances	16	170.05	159.61
Loans	9 B	6.55	13.34
Other current assets	12 B	234.12	576.64
Total current assets		2,738.11	7,986.18
Total assets		31,255.83	45,062.50
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	2,413.54	2,413.54
Other equity	18	(196,888.91)	(184,070.61)
Total Equity		(194,475.37)	(181,657.07)
Liabilities			
Non-current liabilities			
Other non-current liabilities	23 A	-	431.29
Provisions	20 A	138.08	223.32
Total non current liability		138.08	654.61
Current liabilities			
Financial liabilities			
Borrowings	19	182,943.34	182,946.79
Trade payables	21	6,514.70	7,059.51
Other financial liabilities	22	15,584.32	16,033.96
Other current liabilities	23 B	1,711.41	1,157.85
Provisions	20 B	40.02	52.17
Current tax liabilities (net)	24	18,799.33	18,814.68
Total current liability		225,593.12	226,064.96
Total liability		225,731.20	226,719.57
Total equity and liabilities		31,255.83	45,062.50
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the Standalone Financial Statements

This is the Balance Sheet referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants

Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

For and on behalf of the Board of Directors of**Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPB5053P

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Place : New Delhi

Date : 29 July 2020

Standalone Statement of Profit and Loss for the Year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
Revenue from operations	25	15,056.81	208,923.25
Other income	26	66.58	457.75
Total income		15,123.39	209,381.00
Expenses			
Cost of materials consumed	27	11,194.15	159,421.85
Purchase of stock-in-trade	28	-	3,975.61
Changes in inventories of finished goods and work-in-progress	29	479.35	17,241.18
Employee benefits expense	30	1,248.35	4,153.62
Finance cost	31	-	18,822.66
Depreciation and amortisation expense	6 & 7	3,475.08	13,010.34
Other expenses	32	11,600.86	287,600.69
Total expenses		27,997.79	504,225.95
Profit/(loss) before tax		(12,874.40)	(294,844.95)
Current tax	33	-	5.99
Deferred tax	11	-	(92.99)
Profit/(loss) after tax		(12,874.40)	(294,757.95)
Other comprehensive income/(loss)	34		
A. Items that will not reclassify to profit or loss			
(i) Re-measurements profit/(loss) on defined benefit		56.10	28.57
(ii) Income tax relating re-measurements gain on above		-	-
Other comprehensive income/(loss) for the year		56.10	28.57
Total comprehensive income/(loss) for the year		(12,818.30)	(294,729.38)
Earnings per equity share	35		
Basic		(5.33)	(122.13)
Diluted		(5.33)	(122.13)
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the Standalone Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn
Membership no. 094790
Partner

Place : New Delhi
Date : 29 July 2020

For and on behalf of the Board of Directors of Kwality Limited

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)
Chief Financial Officer
PAN : AAFPBS053P

Sd/-

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

Sd/-

(Pradeep K. Srivastava)
Company Secretary
M.No. FCS6763

Standalone Cash Flow Statement for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(12,874.40)	(294,844.95)
Adjustments for:		
Depreciation and amortisation expense	3,475.08	13,010.34
Loss on discard of fixed assets	183.91	6,655.01
Profit on Sale of fixed assets	(0.29)	(56.45)
Interest income	(12.23)	(40.81)
Unrealised foreign exchange fluctuation (net)	-	739.09
Finance costs	-	18,822.66
Share based payment expense	-	1,447.53
Provision for doubtful receivables	2,567.15	159,719.70
Provision for doubtful advances	4,915.63	20,281.86
Write-back of provision for doubtful debts/advances	(36.17)	-
Provision for diminution in value of Investment	-	1,902.75
Write-off of other current assets	149.65	-
Provision for doubtful other current assets	223.13	-
Movement in provision for employee benefits	(41.28)	(208.84)
Release of derivative liability redeemable debentures	-	(350.72)
Discard of Packing Material	133.77	212.87
Reinstatement of Non Current Investment as per Market Value	(0.80)	(1.00)
Scheme/Discount/Bad debts	-	86,335.77
Operating profit /(loss) before working capital changes	(1,316.85)	13,624.81
Movement in working capital		
Decrease/(Increase) in non - current loans	6.51	(87.27)
Decrease/(Increase) in current loans	6.79	35.02
Decrease/(Increase) in inventories	583.67	19,573.83
Decrease/(Increase) in other financial assets	-	78.84
Decrease/(Increase) in other non current assets	-	8,963.24
Decrease/(Increase) in other current assets	(27.44)	30,984.98
Decrease/(Increase) in trade receivables	1,773.12	(81,653.92)
(Decrease)/Increase in other liabilities	122.27	232.05
(Decrease)/Increase in other financial liabilities	(449.64)	(44.74)
(Decrease)/Increase in trade and other payables	(544.81)	(5,984.17)
Change in Working Capital	1,470.47	(27,902.14)
Cash flow from/(used in) operating activities post working capital changes	153.62	(14,277.33)
Income tax paid (net)	(15.35)	(441.32)
Net cash flow from/(used in) operating activities (A)	138.27	(14,718.65)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-in-progress)	(19.75)	(70.15)
Proceeds from sale/disposal of fixed assets	0.50	172.76
Movement in fixed deposits and Other Bank Balance (net)	(3.75)	1,700.78
Interest received	-	40.81
Net cash flows from/(used in) investing activities (B)	(23.00)	1,844.20

Standalone Cash Flow Statement for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) of borrowings (net)	(3.46)	14,467.38
Finance cost paid	-	(7,633.32)
Dividend paid (including tax)	3.35	(7.19)
Net cash flow/(used in) financing activities (C)	(0.11)	6,826.87
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	115.16	(6,047.58)
Cash and cash equivalents at the beginning of the year	186.90	6,234.48
Cash and cash equivalents at the end of the year	302.06	186.90
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalent as per above comprise of the following		
Cash and Cash equivalents (Note 15)	302.06	186.90
Balance as per statement of cash flows	302.06	186.90
Summary of significant accounting policies	4	

The accompanying notes are integral part of the Standalone Financial Statements

This is the Cash Flow Statement referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

Place : New Delhi

Date : 29 July 2020

For and on behalf of the Board of Directors of Kwality Limited

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPB5053P

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amount in INR lakhs, unless otherwise stated)

A Equity Share Capital

Particulars	Amount
As at 1 April 2018	2,413.54
Changes in equity share capital	-
As at 31 March 2019	2,413.54
Changes in equity share capital	-
As at 31 March 2020	2,413.54

B Other Equity

Particulars	Note	Reserves & Surplus			Other comprehensive income - Reserve	Debenture Redemption Reserve	Total equity attributable to equity holders of the Company
		Securities premium reserve	Employee's stock options outstanding	Retained earnings	Remeasurement of defined benefit plans		
Balance as at 1 April 2018		22,516.39	1,618.51	83,760.50	(7.42)	1,323.26	109,211.24
Loss for the year	18 (C)	-	-	(294,757.95)	-	-	(294,757.95)
Transfer from Retained Earnings to Debenture Redemption Reserve	18 (C) & (E)	-	-	(629.50)	-	629.50	-
Transfer to Retained Earnings from Debenture Redemption Reserve	18 (C) & (E)	-	-	138.75	-	(138.75)	-
Employee stock option expense	18 (B)	-	1,447.53	-	-	-	1,447.53
Employee stock option lapsed	18 (B) & (C)	-	(1,287.12)	1,287.12	-	-	-
Others	18 (D)	-	-	-	28.57	-	28.57
Balance as at 31 March 2019		22,516.39	1,778.92	(210,201.08)	21.15	1,814.01	(184,070.61)
Loss for the year	18 (C)	-	-	(12,874.40)	-	-	(12,874.40)
Transfer from Retained Earnings to Debenture Redemption Reserve	18 (C) & (E)	-	-	(352.00)	-	352.00	-
Employee stock option lapsed	18 (B) & (C)	-	(1,063.27)	1,063.27	-	-	-
Others	18 (D)	-	-	-	56.10	-	56.10
Balance as at 31 March 2020		22,516.39	715.65	(222,364.21)	77.25	2,166.01	(196,888.91)

Summary of significant accounting policies

4

The accompanying notes are integral part of the Standalone Financial Statements

This is the Statement of Changes in Equity referred to in our report of even date.

For B. Rattan & AssociatesChartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn
Membership no. 094790
PartnerPlace : New Delhi
Date : 29 July 2020**For and on behalf of the Board of Directors of Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)
Chief Financial Officer
PAN : AAFPB5053P

Sd/-

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

Sd/-

(Pradeep K. Srivastava)
Company Secretary
M.No. FCS6763

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

1. Nature of principal activities

Kwality Limited ("the Company") a public company limited by shares was incorporated under the provisions of the Companies Act, 1956 on 21 August 1992 and domiciled in India. The Company is engaged in manufacturing/processing and sale of milk, milk products and dairy products. The Company is listed both on Bombay Stock Exchange and National Stock Exchange. The Company has manufacturing facilities at Uttar Pradesh, Haryana. The registered office of the Company is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi 110027, India.

The Corporate Insolvency Resolution Process ("CIRP") in respect of Kwality Limited ("the Company" and/or "Corporate Debtor") was initiated, on an application filed under Section 7 of the Insolvency & Bankruptcy Code, 2016 ("the Code") by KKR India Financial Services Private Limited vide Order dated 11 December 2018 ("Insolvency Commencement Date") passed by the Hon'ble National Company Law Tribunal ("NCLT"), Delhi Bench. Mr. Shailendra Ajmera (IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568) was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter he was continued and appointed as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on 11 January 2019 under the provisions of the Code. Pursuant to the NCLT order for commencement of the CIRP and in line with the applicable provisions of the Code, the power of the Board of Directors stood suspended and same is being exercised by RP. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide orders dated 24 May 2019 and 6 September 2019.

In terms of the process prescribed under the Code, the Resolution Plan dated 17 October 2019 read with Addendum 1 & Addendum 2 submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. Subsequently, the Resolution Applicant also submitted unsolicited Addendum 3 dated 4 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the above, the RP on 8 November 2019, filed an application with the NCLT to pass such order or direction as it considers fit and proper in the facts and circumstances of the case.

In the meantime, the Resolution Applicant filed an application with the NCLT on 6 November 2019 seeking extension of the CIRP period and a direction against the RP to place the revised offer, vide Addendum 3 submitted by the Resolution Applicant, before the CoC for consideration. Pursuant to interim order dated 14 November 2019 passed by the NCLT, the Resolution plan dated 17 October 2019 read with Addendum 1, 2, 3 and 4 was considered by the CoC and was not approved in terms of the requirement of Section 30(4) of the Code. RP filed a status report appraising the same to the NCLT on 6 December 2019.

The Resolution Applicant on 7 December 2019 filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

On account of Government Advisory in the wake of Coronavirus (COVID - 19) and the notice dated 15 March 2020 issued by the President, NCLT based on such advisory, no hearings on any non urgent case is taking place before the NCLT since 15 March 2020. RP is continuing to manage and operate the Company as a going concern in terms of the Code.

These standalone financial statements for the year ended 31 March 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 audited financial statements were placed before, the RP, the CFO and the Company Secretary on 29 July 2020 for their consideration. Accordingly, the audited financial statements were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these audited financial statements indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 29 July 2020 for all information and confirmation in relation to the day to day functioning of the Company and all information and confirmation in relation thereto.

The RP has approved these standalone financial statements solely in discharge of the powers of the Board of Directors (suspended during CIRP) of the Company being exercised by him in terms of provisions of Section 17 of the Code.

2. General information and statement of compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The Company has uniformly applied the accounting policies during the periods presented.

The standalone financial statements are presented in Indian rupees ('INR') and all values are rounded to two decimal places of lakhs, except when otherwise indicated.

3. Basis of accounting

The financial statements have been prepared on going concern basis under the historical cost basis except for the following –

- Certain financial assets and financial liabilities which are measured at fair value; and
- Share based payments which are measured at fair value of the options

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

4. Summary of significant accounting policies

The financial statements have been prepared using significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

4.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalent. The Company has identified twelve month as it's operating cycle.

4.2 Foreign currency

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR'), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

4.3 Revenue recognition

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue from operations

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Export Benefits

Export benefits are recognized on accrual basis in the Statement of Profit and Loss when the reasonable right to receive the same is established."

4.4 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowing cost also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

4.5 Property, plant and equipment (PPE)

Recognition and initial measurement

Freehold land is carried at historic cost. Other properties plant and equipment are stated at their cost of acquisition less depreciation. The cost of acquisition comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Written down value (WDV). The depreciation rates are based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets where based on the internal technical assessment of the estimated economic useful lives of the property, plant and equipment, the useful life is different than those prescribed in Schedule II are used as:

S.No	Head of assets	Particulars	Useful life
1	Plant and machinery	Storing and handling units	2 years
2	Plant and machinery	Automatic milk collection units	3 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in statement of profit and loss when the asset is derecognised.

4.6 Intangible assets

Recognition and initial measurement

Acquired computer software are capitalized at cost of acquisition (Including License fees paid), net of accumulated amortization and accumulated impairment losses if any and are disclosed as intangible assets.

Other intangible assets (copyrights) are shown at cost of acquisition net of accumulated amortisation and accumulated impairment loss if any.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Subsequent measurement (amortisation)

Intangible assets are amortised on written down value over the useful life of the asset up to a maximum of five years commencing from the month when the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

4.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a written-down value basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term."

4.8 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

4.9 Financial instruments

A financial Instrument is any contract which give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (FVTOCI)

FVTOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category.

FVTOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or FVTOCI or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derivative contracts

A derivative forward contract is recognised as an asset or a liability on the commitment date. Outstanding forward derivative contracts as at reporting date are fair valued restated using the mark to market information and resultant gain/(loss) is recognised accounted in statement of profit and loss.

Embedded Derivatives:

Derivative embedded in all other host (that is not an asset) are separated only if economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit and loss. Embedded derivatives closely related to the host contracts are not separated.

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Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Investment in subsidiary

Investment in subsidiary is carried at cost in the separate financial statement.

4.10 Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for recognition and measurement of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive discounted at original effective tax rate (EIR). When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments ("Simplified Approach"), which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

4.11 Inventories

Inventory includes raw material, packing material, stores and spares, work in progress, traded and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other cost incurred in bringing the inventories to present location and condition. Cost of purchased inventory are determined after deducting rebates and discounts and excludes those taxes and duties subsequently recoverable from the revenue authorities. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory item held for use in production is not written down below cost, if the finished product in which they will be incorporated are expected to be sold at or above cost.

4.12 Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdraft. Bank overdraft are shown within borrowings in current liabilities in balance sheet.

4.14 Post-employment, long-term and short-term employee benefits

Short-term employee benefits:

Short-term employee benefits such as salaries, wages, bonus etc. are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which employee renders the related service.

Post-employment benefits

Defined contribution plans:

Company's contribution to Employees' Provident Fund Scheme, Employees' State Insurance Contribution Scheme and Staff welfare fund are charged to the revenue of the year when the contribution to the respective fund is due.

Defined benefit plans:

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses arising on such valuation are recognized immediately in the Other Comprehensive Income. Any interest expense is accounted as finance cost in Statement of Profit and Loss.

Compensated absences:

Benefits under the Company's leave encashment constitute other long-term employee benefits. The liability in respect of vacation pay is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Termination benefits are recognized as an expense in the year in which they are incurred.

4.15 Share based payments

The Employee Stock Option Plan ("the Scheme") provides for grant of equity shares of the Company to the employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire the equity shares of the Company that vests in a graded manner or as decided by Remuneration, Compensation and Nomination Committee. The options may be exercised within a specified period. The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. On the exercise of the employee stock options, the employees of the Company will be allotted equity shares.

4.16 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the Company and make strategic decision. The Board of Directors, has been identified as being the chief operating decision maker. Refer Note 44 for segment information presented.

4.17 Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities:

A Provision is recognised when the Company has present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made

Contingent assets:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

4.18 Earnings per share

(i) *Basic earning per share*

Basic earnings per share are calculated by dividing:

- The profit attributable to the shareholder
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year and excluding treasury shares

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financial costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

4.19 Government Grant

Import duty waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

4.20 Significant judgement and estimates in applying accounting policies

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

Fair value measurements – The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets (Share based payment). This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Inventories – The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Provision and contingencies – The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

5. New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The adoption of Ind AS 116 had no impact on the financial statements of the Company as it has only short-term leases and leases of low-value assets

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. The Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period,

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(All amount in INR lakhs, unless otherwise stated)

an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests. The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture.

Annual Improvements to Ind AS 2018

- **Ind AS 103 Business Combinations**

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

- **Ind AS 111 Joint Arrangements**

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

- **Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company."

- **Ind AS 23 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

6	Property, plant and equipment	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Vehicles	Total	CWIP
Gross carrying amount										
	At 1 April 2018	1,052.78	11,245.81	52,783.86	74.69	133.37	116.51	1,099.02	66,506.04	5,627.64
	Additions	-	-	40.92	19.15	2.82	7.26	-	70.15	-
	Disposals of Assets	-	-	(25,184.71)	-	(2.50)	-	(544.55)	(25,731.76)	-
	Transfer from CWIP	-	-	4,965.48	-	-	-	-	4,965.48	(4,965.48)
	Balance as at 31 March 2019	1,052.78	11,245.81	32,605.55	93.84	133.69	123.77	554.47	45,809.91	662.16
	At 1 April 2019	1,052.78	11,245.81	32,605.55	93.84	133.69	123.77	554.47	45,809.91	662.16
	Additions	-	-	19.75	-	-	-	-	19.75	-
	Disposal of Assets	-	-	(1,305.22)	(3.66)	(14.41)	(2.34)	(1.99)	(1,327.62)	-
	Balance as at 31 March 2020	1,052.78	11,245.81	31,320.08	90.18	119.28	121.43	552.48	44,502.04	662.16
Accumulated depreciation										
	At 1 April 2018	-	1,872.48	17,818.94	38.77	108.45	49.63	748.39	20,636.66	-
	Charge for the year	-	894.82	11,926.48	23.65	13.93	20.79	95.58	12,975.25	-
	Adjustments for disposals of assets	-	-	(18,487.63)	-	(2.15)	-	(470.65)	(18,960.43)	-
	Balance as at 31 March 2019	-	2,767.30	11,257.79	62.42	120.23	70.42	373.32	14,651.48	-
	At 1 April 2019	-	2,767.30	11,257.79	62.42	120.23	70.42	373.32	14,651.48	-
	Charge for the year	-	807.67	2,545.17	13.80	5.35	13.84	56.21	3,442.04	-
	Adjustments for disposal of assets	-	-	(1,122.92)	(3.18)	(13.64)	(1.90)	(1.87)	(1,143.51)	-
	Balance as at 31 March 2020	-	3,574.97	12,680.04	73.04	111.94	82.36	427.66	16,950.01	-
Net book value as at 31 March 2020										
	Net book value as at 31 March 2020	1,052.78	7,670.84	18,640.04	17.14	7.34	39.07	124.82	27,552.03	662.16
	Net book value as at 31 March 2019	1,052.78	8,478.51	21,347.76	31.42	13.46	53.35	181.15	31,158.43	662.16

(i) Contractual obligations

Refer to note 38 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Capitalised borrowing cost

Borrowing Cost capitalised during the year ended INR Nil (31 March 2019- INR Nil)

(iii) The gross carrying amount of Property, Plant and Equipment fully depreciated that is still in use is INR 704.73 (31 March 2019 - INR 195.14)

(iv) Refer note 19 for information on property, plant and equipment pledged as security by the Company.

(v) Capital work in progress mainly comprises cheese section at Softa location.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

7 Intangible assets

	Copyright	Softwares	Total
Gross carrying amount			
At 1 April 2018	100.00	116.94	216.94
Additions	-	-	-
Disposals/assets written off	-	-	-
Balance as at 31 March 2019	100.00	116.94	216.94
At 1 April 2019	100.00	116.94	216.94
Additions	-	-	-
Disposals/assets written off	-	-	-
Balance as at 31 March 2020	100.00	116.94	216.94
Accumulated amortisation			
At 1 April 2018	20.03	65.87	85.90
Charge for the year	10.00	25.09	35.09
Disposals/assets written off	-	-	-
Balance as at 31 March 2019	30.03	90.96	120.99
At 1 April 2019	30.03	90.96	120.99
Charge for the year	10.03	23.01	33.04
Disposals/assets written off	-	-	-
Balance as at 31 March 2020	40.06	113.97	154.03
Net book value as at 31 March 2020	59.94	2.97	62.91
Net book value as at 31 March 2019	69.97	25.98	95.95

Note - 8**A. Investments in equity shares- non-current****Subsidiary - unquoted**

Kwality Dairy Products FZE, Dubai*

12 Shares (31 March 2018: 12 shares) represents 100% of share capital

Less : provision for diminution in value of investments

	As at 31 March 2020	As at 31 March 2019
	1,902.75	1,902.75
	(1,902.75)	(1,902.75)
	-	-

B. Mutual Fund**

Quoted investments

	17.46	16.66
	17.46	16.66
	17.46	16.66

Total Investments

*Investments in subsidiary company is measured at cost in line with Ind AS 27 'Separate Financial Statements'.

Aggregate book value of:

Quoted investments	17.46	16.66
Unquoted investments	1,902.75	1,902.75
Less : provision for diminution in value of investments	(1,902.75)	(1,902.75)
Net Book Value of Unquoted investments	-	-
Aggregate Market Value of Quoted Investment:	17.46	16.66

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

**Details of investments in Mutual Funds (Quoted) designated at FVTPL:

Particulars	Face Value	Number of units (in lakhs)			Amount
	(in INR)	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Canara Robeco Capital Protection- Regular Growth Plan	10	1.50	1.50	17.46	16.66

(Maturity Date : 16th July, 2020)

Note - 9

A Loans - non current assets*	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Security deposits**	160.05	166.56
	160.05	166.56

**Deposits given to various government department/ utility department

B Loans - current assets*	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Security deposits	5.66	9.66
Loans to employees	0.89	3.68
	6.55	13.34

*These are carried at amortised cost

Note - 10

Other financial assets - non-current	As at 31 March 2020	As at 31 March 2019
Bank deposits with remaining maturity of more than 12 months*	63.11	60.93
	63.11	60.93

*All of the above deposits have been pledged with banks against guarantees, letter of credit and cash credit limit given by the banks and financial institutions.

Note - 11

Deferred tax (liabilities) / assets (net)	As at 31 March 2020	As at 31 March 2019
	-	-

The company has not recognised the deferred tax asset (net) amounting to INR 92,719.94 (previous year INR 88,721.10) due to uncertainty of profitability of taxable income against which the assets can be realised and the same shall be reassessed at subsequent balance sheet date.

Note - 12

A Other non-current assets	As at 31 March 2020	As at 31 March 2019
Capital advance	29.60	29.60
Less : Provision for doubtful advance	(29.60)	(29.60)
Advance to material/service providers	4,915.63	4,915.63
Less : Provision for doubtful advance	(4,915.63)	-
	-	4,915.63

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

B Other current assets

Advance to material/service providers	20,259.35	20,260.32
Less : Provision for doubtful advance (net)*	(20,249.44)	(20,252.26)
Net Advance to material/service providers	9.91	8.06
Amount paid under protest**	302.37	292.20
Less : Provision for doubtful balances	(223.13)	-
Net Amount paid under protest	79.24	292.20
Prepaid expenses	22.20	43.77
Balances with statutory authorities	113.17	225.60
Other advances	9.60	7.01
	234.12	576.64

*Amount is net-off of provision written back for doubtful advances during the year is INR 2.81 (31 March 2019 INR NIL) (Refer note 26).

**Deposited with revenue authorities. Refer note 38.

Note - 13**Inventories**

	As at 31 March 2020	As at 31 March 2019
Raw materials	-	64.96
Work-in-progress	7.80	302.18
Finished goods	271.30	456.27
Stores and spares	145.16	152.02
Packing material	84.83	251.10
	509.09	1,226.53

Write-downs of inventories to net realisable value amounted to INR 32.36 (31 March 2019 INR 51.00) recognised as an expense during the year and included in 'changes in value of inventories of work-in-progress and finished goods' in Statement of Profit and Loss.

Note - 14**Trade receivables**

	As at 31 March 2020	As at 31 March 2019
Unsecured		
Considered good	1,516.24	5,823.16
Considered doubtful	162,653.49	160,119.70
Less: Provision for doubtful debts(net)* (Refer note 42)	(162,653.49)	(160,119.70)
	1,516.24	5,823.16

*Amount is net-off of provision written back for doubtful debts during the year is INR 33.36 (31 March 2019 INR NIL) (Refer note 26).

Note - 15**Cash and cash equivalents**

	As at 31 March 2020	As at 31 March 2019
Cash on hand	0.24	23.43
Balances with banks in current accounts	301.82	163.47
	302.06	186.90

Note - 16**Other bank balances**

	As at 31 March 2020	As at 31 March 2019
Unclaimed dividend accounts*	33.67	30.31
Bank deposits		
With maturity more than three months but upto twelve months**	136.38	129.30
	170.05	159.61

* Unclaimed dividend account pertains to dividend not claimed by equity shareholders and the Company does not have any right on the said money.

**All of the above deposits have been pledged with banks against guarantees, letter of credit and cash credit limit given by the banks and financial institutions.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 17

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Equity share capital				
i Authorised				
Equity share capital of face value of INR 1 each	1,000,000,000	10,000.00	1,000,000,000	10,000.00
		10,000.00		10,000.00
ii Issued, subscribed and fully paid up				
Equity share capital of face value of INR 1 each	241,354,382	2,413.54	241,354,382	2,413.54
		2,413.54		2,413.54
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
	As at 31 March 2020		As at 31 March 2019	
Equity shares	Number	Amount	Number	Amount
Balance at the beginning of the year	241,354,382	2,413.54	241,354,382	2,413.54
Add: Issued during the year	-	-	-	-
Balance at the end of the year	241,354,382	2,413.54	241,354,382	2,413.54
iv Rights, preferences and restrictions attached to equity and preference shares				
- The Company has only one class of equity shares having a par value of INR 1 per share. Each shareholder is eligible for one vote per share held.				
- The Company declares and pays dividend in Indian rupees.				
- In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.				
v Details of shareholder holding more than 5% share capital				
	As at 31 March 2020		As at 31 March 2019	
Name of the equity shareholder	Number	%	Number	%
Sanjay Dhingra *	57,957,397	24.01	57,957,397	24.01

* Refer note no. 37 on details of share pledged by Mr. Sanjay Dhingra, Managing Director of the Company.

vi Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, by way of bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

- The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
- No bonus issues have been done in preceding five years.
- The Company has not undertaken any buy back of shares.

vii Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 41.

For details of Compulsory convertible debenture of the company, refer note 18

Note - 18

	As at		As at	
	31 March 2020		31 March 2019	
Other equity				
A Securities premium reserve				
Opening balance		22,516.39		22,516.39
Addition during the year		-		-
Closing balance		22,516.39		22,516.39
B Employee's stock option reserve				
Opening balance		1,778.92		1,618.51
Expense for the year		-		1,447.53
Cancelled during the year		(1,063.27)		(1,287.12)
Closing balance		715.65		1,778.92

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	As at 31 March 2020	As at 31 March 2019
C Retained earnings		
Opening balance	(210,201.08)	83,760.50
Transferred/adjustment during the year	(12,874.40)	(294,757.95)
Add: Employee stock option plan reserve	1,063.27	1,287.12
Less: Amount transferred to Debenture redemption reserve (Net)	(352.00)	(490.75)
Closing balance	(222,364.21)	(210,201.08)
D Other comprehensive income		
Opening balance	21.15	(7.42)
Transferred/adjustment	56.10	28.57
Closing balance	77.25	21.15
E Debenture redemption reserve		
Opening balance	1,814.01	1,323.26
Add: Amount transferred from Statement of Profit and Loss from retained earning	352.00	629.50
Less: Transferred to reserve	-	(138.75)
Closing balance	2,166.01	1,814.01
	(196,888.91)	(184,070.61)

(i) Nature and purpose of other reserves**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Other comprehensive income

Remeasurements gains/losses on post employment benefits are recorded in the other comprehensive income.

Employee's stock option reserve

The reserve is used to recognise the grant date fair value of the options issued to employees under Company's employee stock option plan.

Debenture Redemption Reserve

The reserve is created out of profits for the purpose of redemption of debenture as per requirement under Company Act' 2013.

Note - 19

Borrowings - current[#]	As at 31 March 2020	As at 31 March 2019
Secured loans		
Working Capital Facilities (Cash credit)	120,210.76	120,214.80
Debentures		
Non-convertible debentures	11,193.47	11,193.47
Vehicle loans		
From banks	184.47	183.88
External commercial borrowings	9,490.17	9,490.17
Term Loan		
From others	21,717.64	21,717.64
Unsecured loans		
Term Loan		
From banks	3,468.56	3,468.56
From Others	15,615.65	15,615.65
Other Borrowings	1,062.62	1,062.62
	182,943.34	182,946.79

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

#The Company defaulted in repayment of loans and borrowings to the banks and financial institutions from financial year 2018-19 onwards and the Company has also defaulted in repayment of dues to debenture-holders from financial year 2018-19 onwards. Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Delhi Bench of the National Company Law Tribunal ("NCLT"). Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under current borrowings. In the absence of a resolution to CIRP up to year end, the original repayment schedule is not applicable. Also refer Note no 45 for further details.

Annexure to Note 19*

Particulars	Amount Outstanding		Original Terms of repayment	Security
	31 March 2020	31 March 2019		
Secured Loans				
Cash credit facilities from:			Payable on demand	Loans from banks towards cash credit limits are secured by way of :-
-Allahabad bank	10,292.12	10,292.12		a) First pari passu charge on the entire current assets of the company.
- Andhra bank	20,611.29	20,611.29		b) First pari passu charge on entire movable and immovable fixed assets including equitable mortgage of factory land and building of the company situated at village Softa ,Palwal (Haryana) and at Village Mumrejpur, Tehsil Dibai, District-Bulandsahar (U.P).
- Bank of Baroda	17,195.99	17,195.99		c) First pari passu charge on entire fixed assets of Pashupati Dairies Private Limited including Equitable mortgage of Land and Building situated at village Kumarhera, Saharanpur (UP).
-Bank of India	21,417.44	21,420.04		d) First pari pasu charge by way of equitable mortgage on immovable property in the name of JTPL Private Limited situated at JTPL City, Sector-115 Mohali (Punjab).
-Canara bank	7,025.11	7,025.11		e) Corporate guarantee of Pashupati Dairies Private Limited.
-Central bank of India	13,330.67	13,330.67		f) Personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited.
-Corporation bank	11,347.40	11,347.40		f) Personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited.
-Dhan laxmi bank	3,800.93	3,800.93		Other Terms and Conditions
-IDBI Bank	9,693.89	9,695.33		a) Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.
-Syndicate bank	5,495.92	5,495.92		
Non Convertible Debentures (KKR Group) - KKR Capital Markets India Pvt Ltd - KKR India Debt Fund I - KKR India Debt Fund III - BOI AXA Credit Risk Fund	11,193.47	11,193.47	Repayable in 18 equal quarterly instalments starting from 5 April 2018	As per Clause 4 of the Deed of Hypothecation dated 13.07.2018 , the charge created in favour of KKR Group was subordinate and subservient charge to the Current Lenders over all the present and future rights, title, interest and benefits of the Hypothecator in, to and under the assets of the hypothecator, present and future, including but not limited to all the movable assets, plant and machinery, fixed assets, tangible and intangible assets of whatsoever nature, lying in, stored at the New Expansion Project at Village Softa Tehsil and Distt. Palwal, Haryana. Upon occurrence of First Ranking Date (receipt of no objection from the Current Lenders), such charge shall automatically become a first ranking charge in favour of KKR Group and shall be shared on pari passu basis with UBI (UK). Further, KKR Group is secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, an enterprise on which key managerial person of the Company have significant influence; and pledge of shares of Kwaliti Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusive charge by way of hypothecation of the specified accounts. These debentures are also secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company. Present coupon rate of debentures varies from 12.50%p.a. to 19.20% p.a. Currently, Vistra ITCL (India) Limited is the security trustee of Debentures.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Particulars	Amount Outstanding		Original Terms of repayment	Security
	31 March 2020	31 March 2019		
Vehicle Loans				
From Banks			Monthly equated instalments	Vehicle loans from bank are secured by hypothecation of Vehicles. Rate of Interest varies between 7.8% to 11.51%. Period of maturity for loans varies between 3 year to 5 year and number of repayment instalments is ranging between 36 to 60 months.
-HDFC Bank	171.45	171.45		
-ICICI Bank	13.02	12.43		
External commercial borrowings - Union Bank of India (UK) Ltd.	9,490.17	9,490.17	Repayable in 12 half yearly instalments which has already started from 30 September 2017	First pari passu charge on all the movable fixed/block assets (except Current Assets) including, but not limited to plant and machinery, machinery spares, tools and accessories of the borrower pertaining to the project or procured out of the facility, both present and future (the "Hypothecated assets") located at Village Softa Tehsil and Distt. Palwal, Haryana. Further, UBI is secured by Personal guarantee of Mr Sanjay Dhingra, Managing Director of the Company and security in form of pledge of shares of Kwality Limited in the name of Mr. Sanjay Dhingra. Present rate of Interest on loan is 3 months LIBOR plus 425bps."
Term Loan from others				
- KKR India Financial Services Pvt Ltd	21,717.64	21,717.64	Repayable in 18 equal quarterly instalments of INR starting from 5 April 2018	As per Clause 4 of the Deed of Hypothecation dated 13.07.2018 , the charge created in favour of KKR Group was subordinate and subservient charge to the Current Lenders over all the present and future rights, title, interest and benefits of the Hypothecator in, to and under the assets of the hypothecator, present and future, including but not limited to all the movable assets, plant and machinery, fixed assets, tangible and intangible assets of whatsoever nature, lying in, stored at the New Expansion Project at Village Softa Tehsil and Distt. Palwal, Haryana. Upon occurrence of First Ranking Date (receipt of no objection from the Current Lenders), such charge shall automatically become a first ranking charge in favour of KKR Group and shall be shared on pari passu basis with UBI (UK). Further, KKR Group is secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, an enterprise on which key managerial person of the Company have significant influence; and pledge of shares of Kwality Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusive charge by way of hypothecation of the specified accounts. This term loan is also secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company. Present coupon rate of loan varies from 12.50%p.a. to 19.20% p.a.
Unsecured Loans				
Term Loan from bank				
- Karur Vysya Bank	2,175.54	2,175.54	Repayable in 16 equal quarterly instalments which has already started from 16 January, 2017	The loan is secured by way of Equitable Mortgage on land/ properties in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab). Moreover it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Present rate of Interest on loan is 12%.
- Woori Bank	1,293.02	1,293.02	Repayable in 18 equal monthly instalments starting from 31 March 2018	The loan is secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company. Present rate of Interest on loan is 10.80%.
Term Loan from others				
- Mahindra & Mahindra Financial Services Limited (A)	1,242.18	1,242.18	Repayable in 48 equated monthly instalments commencing at the end of first month from the first date of disbursement starting from 15 June 2016	Loan from Mahindra & Mahindra Financial Services Limited is secured by way of mortgage of land and building at Sector 115, Mohali, Punjab owned by JTPL Private Limited, enterprise on which key managerial person have significant influence. Further, it is secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 11.85%.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Particulars	Amount Outstanding		Original Terms of repayment	Security
	31 March 2020	31 March 2019		
- Mahindra & Mahindra Financial Services Limited (B)	2,230.55	2,230.55	Repayable in 48 equated monthly instalments commencing at the end of first month from the first date of disbursement starting from 15 July 2017	It is secured by way of mortgage of land and building at Sector 115, Mohali, Punjab owned by JTPL Private Limited, enterprise on which key managerial person have significant influence. Moreover it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 12.15%.
- IFCI Limited (A)	4,668.54	4,668.54	Repayable in 16 equal quarterly instalments starting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement.	Secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab), and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Private Limited. The present rate of interest on loan is 11.75 % p.a.
- IFCI Limited (B)	5,335.48	5,335.48	Repayable in 24 equal quarterly instalments starting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement.	Secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab), and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Private Limited. The present rate of interest on loan is 11.50% p.a.
- Hero Fincorp Limited (A)	1,710.95	1,710.95	Monthly EMI	Loan from Hero Fincorp Limited is secured by way of equitable mortgage on immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab) and personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 12.75% p.a.
- Hero Fincorp Limited (B)	427.95	427.95		
Other borrowings - American Express - Axis Bank Ltd - Vistaar Financial Services Pvt Ltd	1,062.62	1,062.62	Payable on demand	-
Total borrowings	182,943.34	182,946.79		

*Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Delhi Bench of the National Company Law Tribunal ("NCLT"). Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under current borrowings. Since the Company is under CIRP, the original repayment schedule is not applicable. Also refer Note 45 for further details.

Note - 20

A Provisions - Non current

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits:		
Compensated absences	33.96	41.16
Gratuity	104.12	182.16
	138.08	223.32

B Provisions - current

Provision for employee benefits:		
Compensated absences	7.75	8.67
Gratuity	32.27	43.50
	40.02	52.17

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 21**Trade payables**

	As at 31 March 2020	As at 31 March 2019
Due to micro and small enterprises*	70.87	71.26
Due to others	6,443.83	6,988.25
	6,514.70	7,059.51

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") :

	Particulars	31 March 2020	31 March 2019
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	70.87	71.26
ii)	the amount of interest paid by the buyer in terms of section 16, along with the of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note - 22**Other financial liabilities - current**

	As at 31 March 2020	As at 31 March 2019
Payable to employees	558.88	643.33
Unpaid dividend on equity shares	33.67	30.31
Payable for capital goods	299.46	300.84
Security deposits received	176.46	543.63
Loan from directors	12,136.26	12,136.26
Loan from related parties	2,379.59	2,379.59
	15,584.32	16,033.96

Note - 23**A Other Non current liabilities**

	As at 31 March 2020	As at 31 March 2019
Deferred revenue*	-	431.29
	-	431.29

B Other current liabilities

Payable to statutory authorities	501.23	540.54
Advance from customers	471.34	309.76
Deferred revenue*	738.84	307.55
	1,711.41	1,157.85

*Deferred revenue INR 738.84 (previous year INR 738.84) represents grants relating to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 24

	As at 31 March 2020	As at 31 March 2019
Current tax liabilities (net)		
Opening balance	18,814.68	17,929.09
Add: Current tax payable for the year	-	-
Add: Interest/ earlier year effect on income tax	-	1,326.91
Less: Taxes paid during the year	(15.35)	(441.32)
	18,799.33	18,814.68

Note - 25

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations		
Sale of products	13,427.90	208,272.70
Sale of services	1,585.35	593.13
Other operating income	43.56	57.42
	15,056.81	208,923.25

Note - 26

	For the year ended 31 March 2020	For the year ended 31 March 2019
Other income		
Interest income	12.23	40.81
Release of derivative liability	-	350.72
Profit on sale/ discard of fixed assets	0.29	56.45
Write-back of provision for doubtful debts/advances	36.17	-
Write-back of liabilities no longer payable	10.71	-
Miscellaneous income	7.18	9.77
	66.58	457.75

Note - 27

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cost of materials consumed		
Opening stock	64.96	261.35
Add: Purchases	11,129.19	159,225.46
Less: Closing stock	-	(64.96)
Cost of materials consumed	11,194.15	159,421.85

Note - 28

	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of stock in trade		
Purchase of traded goods	-	3,975.61
	-	3,975.61

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 29	For the year ended 31 March 2020	For the year ended 31 March 2019
Changes in inventories of finished goods, work-in-progress		
Inventories at the end of the year:		
Finished goods	271.30	456.27
Work-in-progress	7.80	302.18
	279.10	758.45
Inventories at the beginning of the year:		
Finished goods	456.27	12,738.55
Work-in-progress	302.18	5,261.08
	758.45	17,999.63
(Increase)/Decrease in inventories	479.35	17,241.18
Note - 30	For the year ended 31 March 2020	For the year ended 31 March 2019
Employee benefits expense		
Salaries, wages and bonus	1,181.93	2,569.37
Contribution to provident fund and other funds	45.57	85.89
Staff welfare expenses	20.85	50.83
Share based payment expense	-	1,447.53
	1,248.35	4,153.62
Note - 31	For the year ended 31 March 2020	For the year ended 31 March 2019
Finance costs		
Interest expenses	-	16,530.68
Other borrowings cost	-	2,291.98
	-	18,822.66
Note - 32	For the year ended 31 March 2020	For the year ended 31 March 2019
Other expenses		
Consumption of packing materials	399.67	4,324.87
Consumption of stores and spare parts	115.92	203.14
Power and fuel	1,352.54	1,789.55
Processing charges of milk	34.01	352.60
Advertisement & sales promotion	1.07	769.22
Bank charges	3.28	136.78
Foreign exchange fluctuation (net)	-	738.94
Scheme/Discount	-	76,084.61
Bad debts written off	-	10,251.16
Other current assets written off	149.65	-
Provision for doubtful debts	2,567.15	159,719.70
Provision for doubtful advances	4,915.63	20,281.86

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for diminution in value of investments	-	1,902.75
Provision for doubtful other current assets	223.13	-
Loss on discard of Packing Material	133.77	212.87
Loss on discard of fixed assets	183.91	6,655.01
Commission & brokerage	-	0.30
Communication expenses	18.16	42.25
Donations and contributions	-	0.21
Insurance	48.45	72.77
Legal and professional expenses	445.45	388.73
Miscellaneous expenses	282.15	444.07
Payments to auditors (refer note (i) below)	8.00	26.22
Printing and stationery	3.57	13.51
Rates and taxes	23.88	404.08
Rent	59.02	237.08
Repairs and maintenance - Building	4.51	12.62
Repairs and maintenance - Plant and machinery	133.88	592.58
Transportation charges	443.80	1,642.06
Vehicle running expenses	5.18	29.48
Travelling and conveyance	45.08	271.67
Corporate social responsibilities expenditure (refer note (ii) below)	-	-
	11,600.86	287,600.69
	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Details of payment to auditors		
Payment to auditor (Excluding applicable taxes to the extent credit not availed)		
In capacity as auditor		
Audit fee	2.00	7.50
Limited review	5.75	13.47
Tax audit fee	0.25	1.50
In other capacity		
Other services	-	3.75
	8.00	26.22

(ii) Corporate social responsibility expenses

Gross amount required to be spent by the company during the year is INR Nil (previous year INR 388.57).

Particulars		In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2020	-	-	-
	31 March 2019	-	-	-
On purposes other than above	31 March 2020	-	-	-
	31 March 2019	-	-	-

During the year ending 31 March 2019, the Company has not been able to comply with the requirements of CSR due to insufficient funds. The Board in the best interest of the stakeholders opted to defer any expenditure on CSR Activities. Currently, the Company is under Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 33

	For the year ended 31 March 2020	For the year ended 31 March 2019
Income tax		
Tax expense comprises of:		
Current tax *	-	5.99
Deferred tax charge	-	(92.99)
Income tax expense reported in the Statement of Profit or Loss	-	(87.00)

*Current tax also include tax for earlier years INR NIL (previous year- INR 5.99)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 31.20% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

Accounting profit/(loss) before tax from continuing operations	(12,874.40)	(294,844.95)
Accounting profit/(loss) before income tax	(12,874.40)	(294,844.95)
At India's statutory income tax rate of 31.20% (31 March 2019: 31.20%)	-	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of depreciation of tax	-	(712.09)
Impact of earlier year tax	-	5.99
Impact of allowed/disallowed expenses	-	138.43
Impact of Ind AS adjustment	-	376.43
Other items	-	104.24
Income tax expense	-	(87.00)

Note - 34

	For the year ended 31 March 2020	For the year ended 31 March 2019
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Re-measurement profit/(loss) on defined benefit plans	56.10	28.57
Income tax relating to re-measurement gain on above	-	-
	56.10	28.57

Note - 35**Earnings per share (EPS)**

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) attributable to equity holders (Basic/Dilutive)	(12,874.40)	(294,757.95)
Weighted average number of equity shares for basic EPS	241,354,382	241,354,382
Effect of dilution:		
Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	241,354,382	241,354,382

For the purpose of calculating the weighted average number of shares, the weighted average effect of changes in treasury share transactions has also been considered. No other transaction involving equity shares or potential equity shares is there between the reporting date and the date of authorisation of these financial statements.

Earnings per equity share (INR)

(1) Basic	(5.33)	(122.13)
(2) Diluted	(5.33)	(122.13)

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 36

Capital management

(a) Risk management

The Company's objectives while managing the capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.
- Monitor gearing ratio in line with the industry

However, in view of certain adverse factors and liquidity problems faced by the Company, the net worth of the Company has been fully eroded and the Company is presently under CIRP process under the Code and thereby continue to operate as a going concern under the Code. Refer note 1 for further details.

Particulars	31 March 2020	31 March 2019
Net Debt (A)	182,641.28	182,759.89
Total equity (B)	(194,475.37)	(181,657.07)
Net debt to equity ratio (A/B)	(93.91%)	(100.61%)

Loan covenants

The Company is currently under the CIRP process under the Code and the financial covenants of interest bearing loan & borrowings have been breached during the previous year. The financial creditors have filed their financial claims with the IRP/ RP with respect to their dues as on Insolvency Commencement date and the same will be dealt with as per the Code.

Note - 37

I Related party transactions

Relationships	Name of the party
Subsidiary Company	Kwality Dairy Products FZE
Key managerial personnel (KMP)	Rattan Sagar Khanna - Chairman Sanjay Dhingra - Managing Director* Swati Chaturvedi - Independent Women Director (tendered resignation 01 July 2019 which was disapproved by the Committee of Creditors of the Company in their meeting held on 15 July 2019 whereas director suo moto filled resignation with MCA which is reflecting on their portal) Sharad Bhandari - Chief Financial Officer (w.e.f. 27 October 2018) Pradeep Kumar Srivastava - Company Secretary Manjit Dahiya - Whole Time Director (resigned w.e.f. 1 October 2018) Sidhant Gupta - Non Executive Director (resigned w.e.f. 11 July 2018) Kuldeep Sharma - Whole Time Director (resigned w.e.f. 1 October 2018) Ankita Mehrotra - Independent Women Director (resigned w.e.f. 28 July 2018) Akhilesh Kumar Mishra - Independent Director (w.e.f 1 September 2018 and resigned w.e.f 15 February 2019) Satish Kumar Gupta - Chief Financial Officer (resigned w.e.f. 27 October 2018)
Enterprises on which key managerial person have significant influence	JTPL Private Limited Pashupati Dairies Private Limited Sahayogi Foundation

* Mr. Sanjay Dhingra (DIN: 00025376), Managing Director, was liable to retire by rotation in the Annual General Meeting for the year ended 31 March 2019 as per section 152 of the Companies Act, 2013, which requires not less than two-thirds of the total number of directors shall be liable to retire by rotation. The Company is undergoing CIRP vide order dated December 11, 2018, the power of the Board of Directors stands suspended and any change in the Management of the Company would have required approval of the Committee of the Creditors. Consequently, Mr. Sanjay Dhingra's agenda to retire by rotation was not included in the Annual General Meeting held on 29 November 2019. In view of the above he continues to remain Director cum Managing Director though with power suspended in accordance with the IBC.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

II Disclosures in respect of material transactions with related parties during the year

Related Party	Nature of Transactions	31 March 2020	31 March 2019
Pashupati Dairies Private Limited	-Rent Paid	-	50.00
	-Royalty Paid	-	10.62
	-Reimbursement of expenses	-	83.48
	- Unsecured Loan	-	50.98
JTPL Private Limited	-Unsecured Loan	-	2,328.61
Sanjay Dhingra	-Managerial	-	86.80
	-Sale of Vehicle	-	54.00
	-Loan received	-	12,190.26
	-Shares Pledge	-	5,799.60
	-Pledged Shares released	-	1,195.79
	-Pledged Shares invoked	-	12,420.25
Sidhant Gupta	-Meeting Fee	-	0.10
Rattan Sagar Khanna	-Meeting Fee	-	0.80
	-Sale of Products	-	0.06
	-Sale of Vehicle	-	2.50
Pradeep Kumar Srivastava	-Remuneration (Short term)	17.80	14.60
	-Post employee benefits	0.59	0.42
Sharad Bhandari	-Remuneration (Short term)	26.32	15.73
	-Post employee benefits	0.76	0.94
Ankita Mehrotra	-Meeting Fee	-	0.10
Swati Chaturvedi	-Meeting Fee	-	0.70
Akhilesh Kumar Mishra	-Meeting Fee	-	0.60
Manjit Dahiya	-Managerial Remuneration (Short term)	-	22.00
	-Sale of Vehicle	-	0.97
Satish Kumar Gupta	-Remuneration (Short term)	-	13.06
Kuldeep Sharma	-Remuneration (Short term)	-	7.20

III Balances with related parties

Related Party	Nature of Transactions	31 March 2020	31 March 2019
Kwality Dairy Products FZE	Investment in Subsidiary ¹	1,902.75	1,902.75
	Corporate Guarantee Given ²	-	-
Pashupati Dairies Private Limited	Amount Payable-Rent/Royalty/Expenses ⁸	54.70	54.70
	Unsecured Loan	50.98	50.98
	Guarantee taken for Financial Limits	113,643.00	113,643.00
JTPL Private Limited	Collateral Security/guarantee taken	179,143.00	179,143.00
	Unsecured Loan	2,328.61	2,328.61
Sahayogi Foundation	CSR Activities ⁷	130.85	130.85
Sanjay Dhingra	Guarantee taken for Long Term Loans ³	74,900.00	74,900.00
	Guarantee taken for Financial Limits ³	113,643.00	113,643.00
	Guarantee taken for ECB ³	9,106.17	9,106.17
	Shares Pledge for Loan ⁶	793.98	3,796.05
	Payable for Loan received ⁴	12,136.26	12,136.26
	Payable to employee ⁵	18.90	18.90
	Employee benefit provision	-	10.37

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Related Party	Nature of Transactions	31 March 2020	31 March 2019
Pradeep Kumar Srivastava	Payable to employee	1.67	1.81
	Employee benefit provision	2.80	2.21
Sharad Bhandari	Payable to employee	1.94	2.59
	Employee benefit provision	1.70	0.94
Manjit Dhaiya	Payable to employee	6.90	14.90
Sidhant Gupta	Payable to employee	0.09	0.09
Rattan Sagar Khanna	Payable to employee	0.66	0.66
Arun Srivastava	Payable to employee	0.09	0.09
Swati Chaturvedi	Payable to employee	0.27	0.27
Akhilesh Kumar Mishra	Payable to employee	0.09	0.09

Note :

- Investment of INR 1,902.75 lakhs in wholly owned subsidiary (M/s Kwaliti Dairy Products FZE) has been fully provided for during the year ended 31 March 2019 and the same has been charged to Statement of Profit and Loss in the year ended 31 March 2019.
- The Company had given Corporate Guarantee to Bank of Baroda, Dubai and IDBI Bank, Dubai on behalf of wholly owned subsidiary i.e. Kwaliti Dairy Products FZE for loan taken by subsidiary. Upon default in payment of dues, both the banks had invoked the corporate guarantee given by Kwaliti Limited and filed their claim of INR 12,200.71 with respect to dues of Kwaliti Dairy Products FZE upto insolvency commencement date with the Resolution Professional of Kwaliti Limited which has been admitted whereas it is yet to be recognized in the books of account.
- Guarantee given by Mr. Sanjay Dhingra in relation to Loans taken by the Company has been invoked by various Banks and Financial Institutions.
- During the Financial year 2018-19, few of the Company's lenders have sold the shares of Mr. Sanjay Dhingra, Managing Director amounting to INR 8,539.07 lakhs (No. of Share 361.88 lakhs) pledged with them. The amount adjusted by lender by way of sale of shares, has been classified as unsecured loan from Director. The unsecured loan amount does not carry any interest.
- Mr. Sanjay Dhingra has foregone his remuneration with effect from 1 December 2018.
- Shares have been valued at closing rate as on 31 March 2020 INR 1.37 (31 March 2019 INR 6.55).
- Amount outstanding prior to CIRP and no transactions entered henceforth
- Pashupati Dairies Private Limited has waived royalty from 1 April 2019 to 31 March 2020

Note:

Since Resolution Professional Mr. Shailendra Ajmera has been appointed pursuant to NCLT order dated 11 December 2018 under IBC, he is not considered as Key Management Personnel.

Note - 38

Summary of contingent liabilities and commitments (to the extent ascertainable)

Sr. No.	Particulars	31 March 2020	31 March 2019	Claim admitted *
1	Milk cess disputed by the company relating to issue of applicability of the act namely Haryana Murrah Buffalo & Other Milch Animal Breed(Prevention & Development of Animal Husbandry & Dairy Development Sector) Act, against which the company has preferred an SLP against the order of Punjab & Haryana High Court before Hon'ble Supreme Court of India. Deposited under protest a sum of INR 223.13 (previous year INR 212.96 lakhs) with Semen Bank officer, of Haryana Livestock Development Board for which the matter is already before Hon'ble Supreme Court.	4,080.94	4,600.45	4,074.19
2	A civil recovery suit has been filed by S.M. Milkose Limited regarding dispute in supply of material which is disputed by the Co. & is pending before The Hon'ble High Court of Delhi.	156.97	156.97	-
3	Appeal under Food Safety Act, 2006 , Kwaliti Limited and others versus Food Safety officer, Sh. Chander Veer Singh Jadon, Kota, Rajasthan	0.50	0.50	-

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

4	ADM Bulandshahr had decided a matter under Food Safety Act, 2006 read with Regulations 2011 and imposed a penalty of INR 4 lakhs on the Company. The Company had preferred and appeal against the order before FSSAI Appellate Authority, Meerut and the Appellate Court had stayed the impugned order subject to deposit of 50% of the penalty amount.	4.00	4.00	-
5	The said case pertains to FSSAI penalty case by ADM Surajpur Court, Before, ASDM, Surajpur, Gautam Budh Nagar (U.P)	2.00	2.00	-
6	DEPB Credit matter in CESTAT, Mumbai Nava Shavah	69.44	69.44	-
7	EPCG License, Commissioner of Customs, NS-II, JNCH, Nhava Sheva	182.52	-	182.52
8	Contingent liabilities on account of sales and services tax matters	18,985.90	1,538.23	3,370.68
9	Contingent Liability for Bank Guarantee	72.13	72.13	-
10	Contingent liability on account of Income tax matters. For further details refer note no. 46	878,761.66	Not ascertainable as assessment is ongoing	-
11	Corporate Guarantee given on behalf of wholly owned subsidiary for loan taken by subsidiary (Being one of the condition from lender bank hence no separate benefit drawn hence fair value is estimated as nil) (Refer note 37)	-	-	12,200.71
12	Commitments	NIL	NIL	-

*Represents amount accepted till the insolvency commencement date by the interim Resolution Professional/ Resolution Professional w.r.t. to matters reflected in contingent liabilities, however the same is not reflected in the books of accounts. Refer Note 45 for further details.

Note - 39**Company as a lessee**

The company has applied Ind AS 116 which supersedes Ind AS 17 Leases including its appendices. The Company has elected to apply the exemption as a lessee provided in Ind AS 116 to all contracts that are ongoing at the date of initial application for non-recognition of leases which are short term and the underlying asset is of low value.

The Company's has taken various premises and machinery on leases having rent of INR 59.02 (31 March 2019: INR 237.08) which has been charged to Statement of Profit and Loss. All the ongoing leases are exempted under the Ind AS 116 (applicable from current financial year), as leases at the date of initial application are short term and the underlying asset is of low value therefore there is no requirement of any restatement during the year.

Note - 40**Gratuity and compensated absences****Compensated absences****Amount recognized in the Statement of Profit and Loss is as under:**

Particulars	31 March 2020	31 March 2019
Current service cost	7.23	10.32
Interest cost	3.24	15.35
Actuarial (gain)/loss, net on account of:		
- Changes in financial assumptions	1.53	0.99
- Changes in experience adjustment	(8.56)	(147.65)
Cost recognized during the year	3.44	(120.99)

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Movement in the liability recognized in the balance sheet is as under:

Particulars	31 March 2020	31 March 2019
Present value of defined benefit obligation at the beginning of the year	49.83	211.71
Current service cost	7.23	10.32
Interest cost	3.24	15.35
Actuarial (gain)/loss, net	(7.03)	(146.66)
Benefits paid	(11.56)	(40.89)
Present value of defined benefit obligation at the end of the year	41.71	49.83
-Current	7.75	8.67
-Non-current	33.96	41.16

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	31 March 2020	31 March 2019
Discount rate	6.50%	7.25%
Salary escalation rate	7.00%	7.00%
Withdrawal rate 18 to 58 years	16.00%	16.00%
Mortality table	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis for compensated absences liability

Particulars	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	39.85	47.57
Impact due to decrease of 1 %	43.76	52.32
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	41.66	49.86
Impact due to decrease of 1 %	41.76	49.80
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	43.73	52.30
Impact due to decrease of 1 %	39.84	47.54

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, as amended. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan.

Amount recognized in the Statement of Profit and Loss is as under:

Particulars	31 March 2020	31 March 2019
Current service cost	20.53	39.31
Interest cost	14.67	21.84
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	5.45	2.87
-Changes in experience adjustment	(61.54)	(31.44)
Cost recognized during the year	(20.89)	32.58

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Movement in the liability recognized in the balance sheet is as under:

Particulars	31 March 2020	31 March 2019
Present value of defined benefit obligation at the beginning of the year	225.66	301.20
Current service cost	20.53	39.31
Past service cost	-	-
Interest cost	14.67	21.84
Actuarial (gain)/loss, net	(56.10)	(28.57)
Benefits paid	(68.37)	(108.12)
Present value of defined benefit obligation at the end of the year	136.39	225.66
-Current	32.27	43.50
-Non-current	104.12	182.16

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	31 March 2020	31 March 2019
Discount rate	6.50%	7.25%
Salary escalation rate	7.00%	7.00%
Mortality table	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis for defined benefit obligation

Particulars	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	130.54	215.68
Impact due to decrease of 1 %	142.84	236.26
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	135.93	224.78
Impact due to decrease of 1 %	136.87	226.54
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	142.75	235.29
Impact due to decrease of 1 %	130.51	216.49

The estimates of future salary increases, inflation, seniority, promotion and other relevant factors, considered in actuarial valuation such as supply and demand in the employment market. The rate used to discount post employment benefit obligations (both funded and unfunded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the post employment benefit obligations.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note – 41

Share based payments

Company has reserved issuance of 1,00,00,000 (Previous Year: 1,00,00,000) Equity Shares of INR 1 each for offering to the eligible employees of the Company and its subsidiaries under Employees Stock Option Plan 2014 (ESOP 2014). During the year the Company has granted NIL Options at a price of INR NIL per option (Previous Year NIL Options at a price of INR NIL per option). The options would vest over a period of 1 year. Once vested, the options remains exercisable for a period of 5 years. The other disclosure in respect of the ESOP Scheme are as under:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V
Option issued	1,937,000	50,000	43,000	2,736,000	500,000
Grant date	23 July 2015	8 October 2015	1 August 2016	28 August 2017	10 January 2018
Vesting Period	1 year	1 year	1 year	1 year	1 year
Exercise Price	38.00	38.00	38.00	50.00	10.00
Fair market value of options on grant date*	67.28	76.18	90.63	92.44	105.56
Option outstanding as at 31 March 2020	1,200	-	-	773,300	-
Weighted average remaining contractual life of options outstanding as at 31 March 2020 (in years)	3.41	-	-	3.41	-
Option outstanding as at 31 March 2019	2,800	-	-	1,351,400	500,000
Weighted average remaining contractual life of options outstanding as at 31 March 2019 (in years)	4.51	-	-	4.51	4.51

*The fair value of the options has been determined using the Black Scholes model, as certified by an independent valuer.

The following table illustrates the numbers and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	31 March 2020		31 March 2019	
	No of options	WAEP	No of options	WAEP
Opening balance	1,854,200	39.20	3,249,500	43.80
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Cancellable / Lapsed during the year*	(1,079,700)	31.46	(1,395,300)	49.91
Closing balance	774,500	49.98	1,854,200	39.20
Exercisable as at year end	774,500	49.98	1,854,200	39.20

*13,95,300 options includes vested 30,500 options for the year ending 31 March 2018 and unvested 4,27,300 options for the year ending 31 March 2019 under Grant IV

The following table list the inputs used for the year ended :

	31 March 2020	31 March 2019
Dividend yield (%) on face value of share	10.00%	10.00%
Expected Volatility (%)	51.95% - 134.08%	51.95% - 134.08%
Risk-free interest rate (%)	6.66% - 7.63%	6.66% - 7.63%
Expected life of share option (in years)	6	6
Weighted average share price (INR)	49.98	39.20
Module used	Black Scholes	Black Scholes

Note:

All the vested options up to the date of resignation may be exercised before the last working day and any such options which are not exercised are liable to be cancelled and the unvested options are cancelled on the date of resignation. Subsequently, on 19 June 2020 meeting of KMPs cancelled/forfeited in conformity with the terms and conditions contained in Kvality Employee Stock Option Plan 2014 read with SEBI (Share Based Employee Benefit) Regulations, 2014.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 42**Financial risk management****Financial instruments by category**

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	1,516.24	-	-	5,823.16
Security deposit and loans	-	-	166.60	-	-	179.89
Cash and cash equivalents	-	-	302.06	-	-	186.90
Bank deposits and unclaimed dividend	-	-	233.16	-	-	220.54
Investments	17.46	-	-	16.66	-	-
Total financial assets	17.46	-	2,218.07	16.66	-	6,410.49

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	182,943.34	-	-	182,946.79
Trade payables	-	-	6,514.70	-	-	7,059.51
Security deposits	-	-	176.46	-	-	543.63
Others	-	-	15,407.85	-	-	15,490.33
Total financial liabilities	-	-	205,042.36	-	-	206,040.26

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base and credit limits
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – Foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting and Sensitivity analysis	Forward contract/hedging
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – Security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversifications

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk is the risk that counter party will not meet it's obligation under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

A: Secured, negligible

B: Partly secured

C: Unsecured

D: Doubtful

Assets under credit risk –

Credit rating	Particulars	31 March 2020	31 March 2018
A: Secured, negligible		-	-
B: Partly secured		-	-
C: Unsecured	Trade receivables	1,516.24	5,823.16
	Security deposits	165.71	176.22
	Loans to employees	0.89	3.68
	Bank deposits	199.49	190.22
	Advances recoverable in cash or kind	9.91	4,923.70
	Investment	17.46	16.66
D: Doubtful	Trade receivables	162,653.49	160,119.70
	Investment	1,902.75	1,902.75
	Advances recoverable in cash or kind	25,165.07	20,252.26
	Capital Advances	29.60	29.60
	Amount paid under protest	223.13	-

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Credit risk exposure

Provision for expected credit losses

The Company provides for expected credit loss based on lifetime expected credit loss mechanism for loans, deposits and other investments –

As at 31 March 2020

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	0.89	0%	-	0.89
Security deposit	165.71	0%	-	165.71
Bank deposits	199.49	0%	-	199.49
Advances recoverable in cash or kind	9.91	0%	-	9.91
Investment	17.46	0%	-	17.46

As at 31 March 2019

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	3.68	0%	-	3.68
Security deposit	176.22	0%	-	176.22
Bank deposits	190.22	0%	-	190.22
Advances recoverable in cash or kind	4,923.70	0%	-	4,923.70
Investment	16.66	0%	-	16.66

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Expected credit loss for trade receivables under simplified approach

Ageing	0-3 months old	03-06 months old	more than 6 months old	Total
As at 31 March 2020				
Gross carrying amount	701.96	70.55	163,397.22	164,169.73
Expected loss rate	-	-	99.54%	
Expected credit loss provision	-	-	162,653.49	162,653.49
Carrying amount of trade receivables	701.96	70.55	743.73	1,516.24

Ageing	0-3 months old	03-06 months old	more than 6 months old	Total
As at 31 March 2019				
Gross carrying amount	3,023.55	26,370.78	136,548.53	165,942.86
Expected loss rate	-	89.38%	100.00%	
Expected credit loss provision	-	23,571.17	136,548.53	160,119.70
Carrying amount of trade receivables	3,023.55	2,799.61	-	5,823.16

Reconciliation of Expected credit loss provision

Particulars	Trade Receivables	Other Assets
As at 1st April 2018	400.00	-
Changes in provision	159,719.70	20,281.86
As at 31st March 2019	160,119.70	20,281.86
Changes in provision	2,533.79	5,135.95
As at 31st March 2020	162,653.49	25,417.81

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivatives					
Borrowings (including interest)	182,943.34	-	-	-	182,943.34
Trade payable	6,514.70	-	-	-	6,514.70
Other financial liabilities	15,407.85	-	-	-	15,407.85
Security deposits	176.46	-	-	-	176.46
Total	205,042.36	-	-	-	205,042.36

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivatives					
Borrowings (including interest)	182,946.79	-	-	-	182,946.79
Trade payable	7,059.51	-	-	-	7,059.51
Other financial liabilities	15,490.33	-	-	-	15,490.33
Security deposits	543.63	-	-	-	543.63
Total	206,040.26	-	-	-	206,040.26

C Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market price. Market risk comprises three type of risk: Interest rate risk, foreign currency risk and price risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with respect to the US Dollar, Euro etc. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange receivables/payables. Refer note 45 for further details.

Foreign currency risk exposure:

Particulars	31 March 2020		31 March 2019	
	USD	INR	USD	INR
Export trade receivable [^]	21,076,661.73	13,829.48	21,076,661.73	13,829.48
Balance with banks - Export Earner in Foreign Credit (EEFC)	-	-	2,377.27	1.66
Trade Advance received	68,964.40	47.29	68,964.40	47.29
Import trade payable	391,837.17	268.70	391,837.17	268.70
Foreign currency loan (Union Bank of India - UK)*	13,202,007.35	9,490.17	13,202,007.35	9,490.17

*Union Bank of India - UK has submitted financial claim under CIRP of INR 9,652.24 lakhs whereby INR 9,643.66 lakhs has been admitted.

[^]Provision for doubtful debts has been created in the books of account for export trade receivable

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	31 March 2020	31 March 2019
USD sensitivity		
INR/USD- increase by 5% (31 March 2020 5%)	-	293.34
INR/USD-decrease by 5% (31 March 2019 5%)	-	(293.34)

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	181,696.25	181,700.27
Fixed rate borrowing	1,247.09	1,246.50
Total borrowings	182,943.34	182,946.77

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2020	31 March 2019
Interest rate sensitivity		
Interest rates – increase by 50 basis points (previous year 50 bps)	-	914.73
Interest rates – decrease by 50 basis points (previous year 50 bps)	-	(914.73)

Under the company risk management policy, the management closely monitor the viable options and accordingly currently discontinued the interest rate SWAP agreement as it became loss scenario.

Price risk

The Company does not have any price risk as it does not hold any material investment.

Note - 43**Fair value measurements****(i) Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and financial liabilities measured at fair value – recurring fair value measurements

31 March 2020	Classification	Level 1	Level 2	Level 3	Total
Financial assets					
Investment in mutual funds	FVTPL	17.46			17.46
31 March 2019	Classification	Level 1	Level 2	Level 3	Total
Financial liabilities					
Investment in mutual funds	FVTPL	16.66			16.66

(iii) Financial instruments measured at amortised cost

- The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.
- The fair value of security deposits were calculated based on cash flows discounted using current lending rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the security deposits.
- The fair value of non-current borrowings are based on discounted cash flows using current borrowing rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the non-current borrowings.

(iv) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
 - The fair value of the remaining financial instruments is determined based on adjusted net assets method.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

Note - 44

The Company is primarily engaged in the business of processing, manufacturing and trading of milk, milk products & dairy products, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment.

A	Revenue from external customers	31 March 2020	31 March 2019
	India (Domiciled Country)	15,056.81	208,923.25
	Outside India	-	-
	Total	15,056.81	208,923.25

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

- B** During the year company has 4 external customers (Previous year Nil) having revenue 10 percent or more of company's reported revenues from external customers :

Revenue from external customers	31 March 2020	% of Revenue
Britannia Industries Limited	4,495.51	29.86%
PNC Enterprises Pvt Ltd	2,939.75	19.52%
Mother Dairy Fruit & Veg Pvt Ltd	1,963.58	13.04%
Canteen Stores Department	1,526.94	10.14%
Others	4,131.03	27.44%
Total	15,056.81	100.00%

- C** The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

Particulars	31 March 2020	31 March 2019
India	28,294.57	36,848.84
Outside India	-	-
Total non-current assets	28,294.57	36,848.84

45. Creditors Claim:

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

Sr. No.	Particulars	Claims Received*	Claims Admitted*
1	Financial creditors		
	- Claim for Kwaliti Limited [#]	188,768.15	184,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the subsidiary i.e. KDPF (yet to be recognize in books of accounts)	12,200.71	12,200.71
	Total Financial Creditors	200,968.86	197,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,610.78
3	Other claims	14,118.26	14,085.47

* Amount claimed till the insolvency commencement date and amount admitted on the basis of verification and collation of available information from the records of Kwaliti Limited.

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

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

- b. The Company has not provided any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by financial creditors for the period w.e.f. the Insolvency Commencement Date, since as part of the CIRP, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims in Form C only till the date of commencement of CIRP in the Corporate Debtor. The aggregate claims submitted by the Financial Creditors exceeded the amount as appearing in the books of accounts. Pending the final outcome of the proceedings pending with NCLT as mentioned in note 1, no provision in the books of accounts has been made for excess claims submitted in respect of financial /operational/other creditors and no corresponding accounting effect in respect of such creditors has been given.
- 46.** a. The tax payable (including interest upto insolvency commencement date) amounting to INR 18,828.43 lakhs under the Income Tax Act of 1961 ("IT Act") for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company has been provided in the books of accounts of the Company. It may be noted that the income tax department has already filed the claims (i.e. Form Bs) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24,290.52 lakhs (includes INR 5,567.93 lakhs w.r.t AY 2017-18 under section 140A, which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19, out of which claim aggregating INR 17,798.69 lakhs has been accepted by the RP.
- b. Basis the assessment proceedings under Section 132 under the IT Act, income tax authorities has recently raised demand amounting to INR 8,97,440.28 lakhs (including interest) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) and u/s 144 r.w.s. 153A of the IT Act, as applicable. 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

Notes to the Standalone Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

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.

- c. Income Tax authorities has belatedly also filed additional claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (including claim admitted of INR 17,798.69 lakhs) on 20.01.2020 with the Resolution Professional for the Company. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on 5 November 2019 and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code (Refer Note 1), the Resolution Professional for the Company has not collated and verified the additional claim submitted by income tax authorities.
 - d. There is an outstanding TDS of INR 482.67 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 31 March 2020. Interest payable on the outstanding TDS is estimated at INR 149.82 lakhs (includes INR 136.43 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date which has been accepted by the RP.
47. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 31 March 2020 amounting to INR 28,214.19 lakhs and INR 62.91 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 31 March 2020 in the value of tangible and intangible assets.
48. Other Expenses" as stated in the income statement, include adjustment on these accounts, as enumerated below:

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Provision for bad and doubtful debts	2,567.15	159,719.70
Bad debts written off	-	10,251.16
Provision for doubtful other current assets	223.13	-
Provision for doubtful advances	4,915.63	20,281.86
Scheme Discount	-	76,084.61
Diminution in value of investments	-	1,902.75
Write-off of other current assets	149.65	-
Write-off of Property, Plant and Equipment	183.91	6,655.01
Discard of Packing Material	133.77	212.87
Total	8,173.24	275,107.96

49. The Ministry of home affair vide order No. 40-3/2020-DM-I(A) dated 24 March 2020 exempted manufacturing units of essential commodities from nationwide lockdown imposed on account of Covid-19 pandemic. Hence the Company's key manufacturing unit at Softa (Haryana) continued to operate during lock down. The Company is under CIRP since 11 December 2018 and the application for ordering initiation of liquidation process filed by RP is still pending diction before the Hon'ble NCLT (refer notes 1 and 47 of the notes to the accounts) and thus as per the requirement under the IBC, the Company continue to operate as a going concern. The Company believes that thus far, there is no significant impact of Covid-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant change in estimates as of now as the Company is running the business and operations as usual.
50. The figures for the previous periods have been regrouped/ rearranged wherever necessary.

For B. Rattan & Associates

Chartered Accountants

Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

For and on behalf of the Board of Directors of

Kwality Limited

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPB5053P

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Place : New Delhi

Date : 29 July 2020

Independent Auditors' Report

To the Members of Kwaliti Limited

(A Company under Corporate Insolvency resolution process vide NCLT order)

REPORT ON AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Qualified Opinion

We have audited the accompanying Consolidated financial statements of Kwaliti Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended, notes to the financial statements, and a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as "the Consolidated Financial Statements")

In our opinion and to the best of our information and according to explanations given to us, except for the effects of the matters described in the Basis of Qualified Opinion paragraph 2 below, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31 March 2020 and its loss, changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion:

- a. The Company has incurred a Net loss of INR 14,443.21 lakhs resulting into net accumulated losses of INR 2,11,457 lakhs and erosion of its Net worth as at 31 March 2020. The company has obligations towards lenders, creditors and other agencies. The process of filing, verification and acceptance of claims has been completed by the RP pursuant to ongoing Corporate Insolvency Resolution Process (CIRP). No accounting impact in the books of accounts has been made in respect of excess, short, non-receipt of claims or liabilities earlier not recorded in the books of accounts but now quantified and accepted by RP for operational and financial Creditors hence consequential impact, if any, is not ascertainable and we are unable to comment on the possible financial impacts of the same.
- 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 8,97,440.28 lakhs (*including income tax claim of INR 17798.69 lakhs, which has already been accepted earlier & is recognized in the books and the balance amount is under appeal*) beginning from AY 2011-12 till AY 2018-19. Income Tax authorities has belatedly filed claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (*which also included claim of INR 17798.69 lakhs filed & admitted earlier and the amounts under appeals*) on 20.01.2020 with the Resolution Professional. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on November 5, 2019, and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code, the Resolution Professional has not collated and verified the additional claim submitted by income tax authorities.

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of financial statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of The Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3. EMPHASIS OF MATTER

We draw attention to the following matters in the Financial statements:

- a. We draw attention to note 49 to the consolidated financial statements; The Company continues not to assess impairment of 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". We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's tangible assets, capital work in progress and intangible assets. Consequently, we are unable to determine whether any adjustments to carrying value are necessary and consequential impacts on the consolidated financial statements.
- b. Attention is drawn to Note no. 32 of the Consolidated Financial Statements regarding non-recognition of interest on borrowing from banks, financial institutions, customer advance and security deposits received and bank charges on borrowing from banks and financial institutions subsequent to insolvency commencement date i.e. 11th December 2018. The company has not recognized any interest on these amounts. The same is not in compliance with requirements of Ind AS. Had provision for interest, bank charges and exchange difference been recognized, finance cost and total expenses, would have been higher while loss and total comprehensive loss for year ended would have been higher by aggregate amount as mentioned above, having consequential impact on other current financial liability and other equity.

- c. Attention is drawn to note no. 51 regarding Kwality Dairy Products FZE, Wholly Owned Subsidiary of Kwality Limited ("KDPF") which has discontinued the business during the previous financial year. The trading license of KDPF, 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 (i.e. Form C) with Kwality Limited which have been duly accepted (Refer Note 47). 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).

Our opinion is not modified in respect of above matters

4. Material Uncertainty Related to Going Concern

The Company has incurred cash losses, its liabilities exceeded total assets and its net worth has been fully eroded as on 31st March 2020. Capacity utilization of manufacturing processing facilities is very low and Corporate Insolvency Process against the Company is in process. Since the CIRP is currently in progress, as per the Code, it is required that the Company be managed as a going concern during the CIRP. The consolidated financial statements is continued to be prepared on going concern basis. However there exists material uncertainty about the Company's ability to continue as going concern since the application filed by the resolution applicant seeking a direction against the CoC to approve the resolution plan is sub-judice before the Hon'ble NCLT. Hence the application for liquidation of the Company filed by RP with NCLT is in abeyance until the said application filled by the resolution applicant is decided by the NCLT. The appropriateness of preparation of consolidated financial statements on going concern basis is critically dependent upon CIRP as specified in the Code. Our opinion is not modified in respect of this matter.

5. Information other than the Financial Statements and Auditor's Report Thereon

The Board of Directors / Resolution Professional are responsible for the other information. The other information comprises the information included in the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after that date. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

6. Responsibilities of Management/ Board of Directors/ Resolution Professional for the Consolidated Financial Statements

The Company's Board of Directors/Resolution Professional / Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors / Resolution Professional /Management are also responsible for overseeing the Company's financial reporting process.

Pursuant to ongoing Corporate Insolvency Resolution Process (CIRP) powers of the Board of Directors have been suspended and these powers are now vested with Resolution Professional (RP).

7. Auditor's Responsibility for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit, in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of The Companies Act, 2013 we are also responsible for expressing an opinion on whether the company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management/directors/ RP.
- Conclude on the appropriateness of the management's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

8. Other Matters

The financial statements of 1 subsidiary (Kwality Dairy Products FZE) included in the consolidated financial statements which reflects total assets of INR 436.89 Lakh as at 31st March 2020, have been audited by other auditors, whose financial statements / financial information have been furnished to us by management and our opinion on the Statement in so far as it related to these subsidiaries are based on reports of other auditors of those subsidiaries on which we have placed reliance.

9. Report on Other Legal and Regulatory Requirements:

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books,
- (c) There are no branch offices of the company having separate branch auditors.
- (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account,
- (e) Except for the possible effects of matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the management/RP as on 31 March 2020, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The matters described in the Basis for Qualified Opinion paragraph above, and the matters described in the Material uncertainty relating to Going Concern may have an adverse impact on the functioning of the company.
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

- (i) The qualifications to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has a lot of pending litigations and as detailed in Note No 39 to the consolidated financial statements has disclosed the impact of pending litigations on its financial position.
 - (ii) The company has no foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B. RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No.: 011798N

Sd/-

Bishamver Kumar Karn

Membership No.: 094790

Partner

UDIN: 20094790AAAAAR7274

Place: New Delhi

Date: 29 July 2020

ANNEXURE “A” TO INDEPENDENT AUDITORS REPORT

(REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING)

(Referred to paragraph 2(h) of ‘Report on Other Legal and Regulatory Requirements’ of the Independent Auditors Report of even date on the financial statements of Kwalty Limited.)

Report on the Internal Financial Controls under Clause(i) of Sub Section 3 of Section 143 of the Companies Act, 2013 (The Act).

1. We have audited the internal financial controls over financial reporting of Kwalty Limited as on 31 March 2020 in conjunction with our audit of financial statements of the company for the year ended on that date.

2. Managements Responsibility for Internal Financial controls

The Board of Directors/Resolution Professional of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to companies policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Act.

3. Auditors Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls., both applicable to an audit of internal financial controls and both issued by ICAI. Those Standards and Guidance Notes require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting include obtaining an understanding of internal financial controls over financial reporting, assessing a risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system over financial reporting.

6. Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company , (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management, directors and RP of the company , and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition , use or disposition of the company’s assets that could have a material effect on the financial statements.

7. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

8. Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For B. RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No.: 011798N

Sd/-

Bishamver Kumar Karn

Membership No.: 094790

Partner

UDIN: 20094790AAAAAR7274

Place: New Delhi

Date: 29 July 2020

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results**

(Consolidated)

(All amount in INR lakhs, unless otherwise stated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	15,132.45	15,132.45
	2.	Total Expenditure	29,575.66	908,187.50
	3.	Net Profit/(Loss)	(14,443.21)	(893,055.05)
	4.	Earnings Per Share of INR 1 each	(5.98)	(370.02)
	5.	Total Assets	31,689.32	31,689.32
	6.	Total Liabilities	240,732.78	1,119,344.62
	7.	Net Worth	(209,043.46)	(1,087,655.30)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	1.	<u>Audit Qualification (each audit qualification separately):</u>		
	a.	<u>Details of Audit Qualification:</u>		
		The Company has incurred a Net loss of INR 14,443.21 lakhs resulting into net accumulated losses of INR 2,11,457.00 lakhs and erosion of its Net worth as at 31 March 2020. The company has obligations towards lenders, creditors and other agencies. The process of filing, verification and acceptance of claims has been completed by the Resolution Professional ('RP') pursuant to ongoing Corporate Insolvency Resolution Process ('CIRP'). No accounting impact in the books of accounts has been made in respect of excess, short, non-receipt of claims or liabilities earlier not recorded in the books of accounts but now quantified and accepted by RP for operational and financial Creditors hence consequential impact, if any, is not ascertainable and we are unable to comment on the possible financial impacts of the same.		
	b.	<u>Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</u>		
	c.	<u>Frequency of qualification: Whether appeared first time / repetitive / since how long continuing</u>		
	d.	<u>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</u>		
	e.	<u>For Audit Qualification(s) where the impact is not quantified by the auditor:</u>		
	(i)	<u>Management's estimation on the impact of audit qualification: NA</u>		
	(ii)	<u>If management is unable to estimate the impact, reasons for the same:</u>		
		Since the company is under CIRP, Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the outcome of the proceedings pending with NCLT going forward.		
	(iii)	<u>Auditors' Comments on (i) or (ii) above:</u>		
		Refer "Basis for Qualified Opinion" in audit report the same is self explanatory.		
	2.	<u>Audit Qualification (each audit qualification separately):</u>		
	a.	<u>Details of Audit Qualification:</u>		
		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 8,97,440.28 lakhs (including income tax claim of INR 17,798.69 lakhs, which has already been accepted earlier & is recognized in the books and the balance amount is under appeal) beginning from AY 2011-12 till AY 2018-19. Income Tax authorities has belatedly filed claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (which also included claim of INR 17,798.69 lakhs filed & admitted earlier and the amounts under appeals) on 20.01.2020 with the Resolution Professional. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on November 5, 2019, and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code, the Resolution Professional has not collated and verified the additional claim submitted by income tax authorities.		
	b.	<u>Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion</u>		
	c.	<u>Frequency of qualification: Whether appeared first time / repetitive / since how long continuing</u>		

	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Legal and tax matters litigations are pending for outcome with various authorities therefore they have been considered as contingent liability and appropriately disclosed in annual financial statements.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: NA
	(ii) If management is unable to estimate the impact, reasons for the same: NA
	(iii) Auditors' Comments on (i) or (ii) above: Refer "Basis for Qualified Opinion" in audit report the same is self explanatory.
III.	<u>Signatories:</u> Sd/- (Sharad Bhandari) Chief Financial Officer PAN : AAFPB5053P Place : New Delhi Date : 29 July 2020 Sd/- (Shailendra Ajmera) Resolution Professional IP Registration no. IBBI/IPA-001/ IP-P00304/2017-18/10568
IV.	<u>Auditors:</u> Refer our Independent Auditors Report dated 29 July 2020 on Consolidated Financial Results of the Company For B. Rattan & Associates Chartered Accountants Firm's Registration No. : 011798N Sd/- Bishamver Kumar Karn Membership no. 094790 Partner Place : New Delhi Date : 29 July 2020

Consolidated Balance Sheet as at 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	27,552.03	31,158.43
Capital work-in-progress	6	662.16	662.16
Intangible assets	8	62.91	95.95
Financial assets			
Investments	9	17.46	16.66
Loans	10 A	160.05	166.56
Other financial assets	11	63.11	60.93
Deferred tax assets (net)	12	-	-
Other non-current assets	13 A	-	4,915.63
Total non - current assets		28,517.72	37,076.32
Current assets			
Inventories	14	509.09	1,226.53
Financial assets			
Trade receivables	15	1,516.24	5,823.16
Cash and cash equivalents	16	303.09	187.33
Other bank balances	17	170.05	159.61
Loans	10 B	6.55	25.82
Other current assets	13 B	234.12	576.88
Asset held for sale	7	435.86	400.91
Total current assets		3,175.00	8,400.24
Total assets		31,692.72	45,476.56
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	2,413.54	2,413.54
Other equity	19	(211,457.00)	(195,967.61)
Total Equity		(209,043.46)	(193,554.07)
Liabilities			
Non-current liabilities			
Other non-current liabilities	24 A	-	431.29
Provisions	21 A	138.08	223.32
Total non current liability		138.08	654.61
Current liabilities			
Financial liabilities			
Borrowings	20	197,948.32	195,256.20
Trade payables	22	6,514.70	7,061.16
Other financial liabilities	23	15,584.32	16,033.96
Other current liabilities	24 B	1,711.41	1,157.85
Provisions	21 B	40.02	52.17
Current tax liabilities (net)	25	18,799.33	18,814.68
Total current liability		240,598.10	238,376.02
Total liability		240,736.18	239,030.63
Total equity and liabilities		31,692.72	45,476.56
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the Consolidated Financial Statements

This is the Balance Sheet referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants

Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

**For and on behalf of the Board of Directors of
Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPBS053P

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Place : New Delhi

Date : 29 July 2020

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
Revenue from operations	26	15,056.81	212,987.54
Other income	27	75.64	481.41
Total income		15,132.45	213,468.95
Expenses			
Cost of materials consumed	28	11,194.15	159,421.85
Purchase of stock-in-trade	29	-	5,194.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	479.35	19,861.06
Employee benefits expense	31	1,248.35	4,189.82
Finance cost	32	1,557.78	19,808.30
Depreciation and amortisation expense	6 & 7	3,475.08	13,035.79
Other expenses	33	11,620.95	313,659.38
Total expenses		29,575.66	535,170.86
Profit/(loss) before tax		(14,443.21)	(321,701.91)
Current tax	34	-	5.99
Deferred tax	11	-	(92.99)
Profit/(loss) after tax		(14,443.21)	(321,614.91)
Other comprehensive income/(loss)	35		
A. Items that will not reclassify to profit or loss			
(i) Re-measurements profit/(loss) on defined benefit		56.10	28.57
(ii) Income tax relating re-measurements gain on above		-	-
B. Items that will be reclassified to profit or loss			
(i) Exchange difference on translation of foreign operations		(1,102.28)	925.31
Other comprehensive income/(loss) for the year		(1,046.18)	953.88
Total comprehensive income/(loss) for the year		(15,489.39)	(320,661.03)
Earnings per equity share	36		
Basic		(5.98)	(133.25)
Diluted		(5.98)	(133.25)

Summary of significant accounting policies

4

The accompanying notes are an integral part of the Consolidated Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants

Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

**For and on behalf of the Board of Directors of
Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPBS053P

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Place : New Delhi

Date : 29 July 2020

Consolidated Cash Flow Statement for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(14,443.21)	(321,701.91)
Adjustments for:		
Depreciation and amortisation expense	3,475.08	13,035.79
Loss on discard of fixed assets	183.91	6,659.72
Loss on impairment of fixed assets	-	203.13
Profit on Sale of fixed assets	(0.29)	(56.45)
Interest income	(12.23)	(40.93)
Unrealised foreign exchange fluctuation (net)	-	739.09
Finance costs	1,557.78	19,808.30
Share based payment expense	-	1,447.53
Provision for doubtful receivables	2,567.15	178,285.27
Provision for doubtful advances	4,915.63	29,398.95
Write-back of provision for doubtful debts/advances	(43.52)	-
Write-off of other current assets	149.65	-
Provision for doubtful other current assets	223.13	-
Provision for doubtful deposits	9.26	-
Movement in provision for employee benefits	(41.28)	(208.84)
Release of derivative liability redeemable debentures	-	(350.72)
Discard of Packing Material	133.77	212.87
Reinstatement of Non Current Investment as per Market Value	(0.80)	(1.00)
Scheme/Discount/Bad debts	-	86,335.77
Operating profit/(loss) before working capital changes	(1,325.97)	13,766.57
Movement in working capital		
Decrease/(Increase) in non - current loans	6.51	(87.27)
Decrease/(Increase) in current loans	10.01	22.54
Decrease/(Increase) in inventories	583.67	22,193.71
Decrease/(Increase) in other financial assets	-	103.02
Decrease/(Increase) in other non current assets	-	8,963.24
Decrease/(Increase) in other current assets	(27.21)	28,023.21
Decrease/(Increase) in trade receivables	1,780.48	(80,532.59)
(Decrease)/Increase in other liabilities	122.27	232.05
(Decrease)/Increase in other financial liabilities	(449.64)	(44.74)
(Decrease)/Increase in trade and other payables	(546.46)	(8,263.04)
Change in Working Capital	1,479.63	(29,389.87)
Cash flow from/(used in) operating activities post working capital changes	153.66	(15,623.30)
Income tax paid (net)	(15.35)	(441.32)
Net cash flow from/(used in) operating activities (A)	138.31	(16,064.62)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-in-progress)	(19.75)	(70.15)
Proceeds from sale/disposal of fixed assets	0.50	273.56
Movement in fixed deposits and Other Bank Balance (net)	(3.75)	2,911.62
Interest received	-	40.93
Net cash flows from /(used in) investing activities (B)	(23.00)	3,155.96

Consolidated Cash Flow Statement for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) of borrowings (net)	(3.46)	14,083.63
Finance cost paid	(0.36)	(8,341.61)
Dividend paid (including tax)	3.35	(7.19)
Net cash flow from/(used in) financing activities (C)	(0.47)	5,734.83
(Decrease)/ Increase in cash and cash equivalents (A+B+C)	114.84	(7,173.83)
Cash and cash equivalents at the beginning of the year	187.33	6,484.11
Effect of foreign exchange on foreign operation	0.92	877.05
Cash and cash equivalents at the end of the year	303.09	187.33
<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 (Note 16)	303.09	187.33
Balance as per statement of cash flows	303.09	187.33
Summary of significant accounting policies	4	

The accompanying notes are integral part of the Consolidated Financial Statements

This is the Cash Flow Statement referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants

Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

Place : New Delhi

Date : 29 July 2020

**For and on behalf of the Board of Directors of
Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPB5053P

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Equity Share Capital

Particulars	Amount
As at 1 April 2018	2,413.54
Changes in equity share capital	-
As at 31 March 2019	2,413.54
Changes in equity share capital	-
As at 31 March 2020	2,413.54

Other Equity

Particulars	Note	Reserves & Surplus			Other comprehensive income - Reserve		Debenture Redemption Reserve	Total equity attributable to equity holders of the Company
		Securities premium reserve	Employee's stock options outstanding	Retained earnings	Foreign Currency Translation Reserve	Remeasurement of defined benefit plans		
Balance as at 1 April 2018		22,516.39	1,618.51	97,551.58	243.58	(7.42)	1,323.25	1,23,245.89
Loss for the year	18 (C)	-	-	(3,21,614.91)	-	-	-	(3,21,614.91)
Transfer from Retained Earnings to Debenture Redemption Reserve	18 (C) & (E)	-	-	(629.50)	-	-	629.50	-
Transfer to Retained Earnings from Debenture Redemption Reserve	18 (C) & (E)	-	-	138.75	-	-	(138.75)	-
Employee stock option expense	18 (B)	-	1,447.53	-	-	-	-	1,447.53
Employee stock option lapsed	18 (B) & (C)	-	(1,287.12)	1,287.12	-	-	-	-
Others	18 (D)	-	-	-	925.31	28.57	-	953.88
Balance as at 31 March 2019		22,516.39	1,778.92	(2,23,266.96)	1,168.89	21.15	1,814.00	(1,95,967.61)
Loss for the year	18 (C)	-	-	(14,443.21)	-	-	-	(14,443.21)
Transfer from Retained Earnings to Debenture Redemption Reserve	18 (C) & (E)	-	-	(352.00)	-	-	352.00	-
Employee stock option lapsed	18 (B) & (C)	-	(1,063.27)	1,063.27	-	-	-	-
Others	18 (D)	-	-	-	(1,102.28)	56.10	-	(1,046.18)
Balance as at 31 March 2020		22,516.39	715.65	(2,36,998.90)	66.61	77.25	2,166.00	(2,11,457.00)

Summary of significant accounting policies

4

The accompanying notes are integral part of the Consolidated Financial Statements

This is the Statement of Changes in Equity referred to in our report of even date.

For B. Rattan & Associates

Chartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790
Partner

Place : New Delhi

Date : 29 July 2020

For and on behalf of the Board of Directors of Kwaliti Limited

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer
PAN : AAFPB5053P

Sd/-

(Pradeep K. Srivastava)

Company Secretary
M.No. FCS6763

Sd/-

(Shailendra Ajmera)

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

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

1. Nature of principal activities

Kwality Limited ("the Company") a public company limited by shares was incorporated under the provisions of the Companies Act, 1956 on 21 August 1992 and domiciled in India. The Company is engaged in manufacturing/processing and sale of milk, milk products and dairy products. The Company is listed both on Bombay Stock Exchange and National Stock Exchange. The Company has manufacturing facilities at Uttar Pradesh, Haryana. The registered office of the Company is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi 110027, India.

The Corporate Insolvency Resolution Process ("CIRP") in respect of Kwality Limited ("the Company" and/or "Corporate Debtor") was initiated, on an application filed under Section 7 of the Insolvency & Bankruptcy Code, 2016 ("the Code") by KKR India Financial Services Private Limited vide Order dated 11 December 2018 ("Insolvency Commencement Date") passed by the Hon'ble National Company Law Tribunal ("NCLT"), Delhi Bench. Shailendra Ajmera (IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568) was appointed as Interim Resolution Professional ("IRP") to manage affairs of the Company in accordance with the provisions of the Code and thereafter he was continued and appointed as the Resolution Professional ("RP") by the committee of creditors ("CoC") of the Company in the meeting held on 11 January 2019 under the provisions of the Code. Pursuant to the NCLT order for commencement of the CIRP and in line with the applicable provisions of the Code, the power of the Board of Directors stood suspended and same is being exercised by RP. The CIRP period was extended from 180 days to 330 days from the insolvency commencement date, vide orders dated 24 May 2019 and 6 September 2019.

In terms of the process prescribed under the Code, the Resolution Plan dated 17 October 2019 read with Addendum 1 & Addendum 2 submitted by a Consortium of Haldiram Snacks Pvt. Ltd. and Pioneer Securities Pvt. Ltd. ("Resolution Applicant") for the Company was not approved by the CoC in terms of the requirement of Section 30(4) of the Code. Subsequently, the Resolution Applicant also submitted unsolicited Addendum 3 dated 4 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the above, the RP on 8 November 2019, filed an application with the NCLT to pass such order or direction as it considers fit and proper in the facts and circumstances of the case.

In the meantime, the Resolution Applicant filed an application with the NCLT on 6 November 2019 seeking extension of the CIRP period and a direction against the RP to place the revised offer, vide Addendum 3 submitted by the Resolution Applicant, before the CoC for consideration. Pursuant to interim order dated 14 November 2019 passed by the NCLT, the Resolution plan dated 17 October 2019 read with Addendum 1, 2, 3 and 4 was considered by the CoC and was not approved in terms of the requirement of Section 30(4) of the Code. RP filed a status report appraising the same to the NCLT on 6 December 2019.

The Resolution Applicant on 7 December 2019 filed another application with the NCLT seeking a direction against the CoC to approve the Resolution Plan and make it binding on the Corporate Debtor and other stakeholders with immediate effect and keeping the application for liquidation of the Corporate Debtor filed by RP in abeyance until the said application is decided by the NCLT.

On account of Government Advisory in the wake of Coronavirus (COVID - 19) and the notice dated 15 March 2020 issued by the President, NCLT based on such advisory, no hearings on any non urgent case is taking place before the NCLT since 15 March 2020. RP is continuing to manage and operate the Company as a going concern in terms of the Code.

These consolidated financial statements for the year ended 31 March 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 audited financial statements were placed before, the RP, the CFO and the Company Secretary on 29 July 2020 for their consideration. Accordingly, the audited financial statements were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these audited financial statements indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 29 July 2020 for all information and confirmation in relation to the day to day functioning of the Company and all information and confirmation in relation thereto.

The RP has approved these consolidated financial statements solely in discharge of the powers of the Board of Directors (suspended during CIRP) of the Company being exercised by him in terms of provisions of Section 17 of the Code.

2. General information and statement of compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The Company has uniformly applied the accounting policies during the periods presented.

The consolidated financial statements are presented in Indian rupees ('INR') and all values are rounded to two decimal places of lakhs, except when otherwise indicated.

3. Basis of accounting

The financial statements have been prepared on going concern basis under the historical cost basis except for the following –

- Certain financial assets and financial liabilities which are measured at fair value; and
- Share based payments which are measured at fair value of the options;

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

4. Summary of significant accounting policies

The financial statements have been prepared using significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

4.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalent. The Company has identified twelve month as it's operating cycle.

4.2 Foreign currency

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR'), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

4.3 Revenue recognition

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue from operations

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Export Benefits

Export benefits are recognized on accrual basis in the Statement of Profit and Loss when the reasonable right to receive the same is established.

4.4 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowing cost also include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

4.5 Property, plant and equipment (PPE)

Recognition and initial measurement

Freehold land is carried at historic cost. Other properties plant and equipment are stated at their cost of acquisition less depreciation. The cost of acquisition comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Written down value (WDV). The depreciation rates are based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets where based on the internal technical assessment of the estimated economic useful lives of the property, plant and equipment, the useful life is different than those prescribed in Schedule II are used as:

S.No	Head of assets	Particulars	Useful life
1	Plant and machinery	Storing and handling units	2 years
2	Plant and machinery	Automatic milk collection units	3 years

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in statement of profit and loss when the asset is derecognised.

4.6 Intangible assets

Recognition and initial measurement

Acquired computer software are capitalized at cost of acquisition (Including License fees paid), net of accumulated amortization and accumulated impairment losses if any and are disclosed as intangible assets.

Other intangible assets (copyrights) are shown at cost of acquisition net of accumulated amortisation and accumulated impairment loss if any.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Subsequent measurement (amortisation)

Intangible assets are amortised on written down value over the useful life of the asset up to a maximum of five years commencing from the month when the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

4.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a written-down value basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset."

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term."

4.8 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

4.9 Financial instruments

A financial Instrument is any contract which give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Amortised cost

A financial asset shall be measured at amortised cost using effective interest rates if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (FVTOCI)

FVTOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are designated to this category.

FVTOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortised cost classification or FVTOCI or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derivative contracts

A derivative forward contract is recognised as an asset or a liability on the commitment date. Outstanding forward derivative contracts as at reporting date are fair valued restated using the mark to market information and resultant gain/(loss) is recognised accounted in statement of profit and loss.

Embedded Derivatives:

Derivative embedded in all other host (that is not an asset) are separated only if economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit and loss. Embedded derivatives closely related to the host contracts are not separated.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Investment in subsidiary

Investment in subsidiary is carried at cost in the separate financial statement.

4.10 Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for recognition and measurement of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive discounted at original effective tax rate (EIR). When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments ("Simplified Approach"), which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

4.11 Inventories

Inventory includes raw material, packing material, stores and spares, work in progress, traded and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other cost incurred in bringing the inventories to present location and condition. Cost of purchased inventory are determined after deducting rebates and discounts and excludes those taxes and duties subsequently recoverable from the revenue authorities. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory item held for use in production is not written down below cost, if the finished product in which they will be incorporated are expected to be sold at or above cost.

4.12 Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdraft. Bank overdraft are shown within borrowings in current liabilities in balance sheet.

4.14 Post-employment, long-term and short-term employee benefits

Short-term employee benefits:

Short-term employee benefits such as salaries, wages, bonus etc. are recognized as an expense at the undiscounted amount in the statement of profit and loss for the year in which employee renders the related service.

Post-employment benefits

Defined contribution plans:

Company's contribution to Employees' Provident Fund Scheme, Employees' State Insurance Contribution Scheme and Staff welfare fund are charged to the revenue of the year when the contribution to the respective fund is due.

Defined benefit plans:

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined plan is determined based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses arising on such valuation are recognized immediately in the Other Comprehensive Income. Any interest expense is accounted as finance cost in Statement of Profit and Loss.

Compensated absences:

Benefits under the Company's leave encashment constitute other long-term employee benefits. The liability in respect of vacation pay is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the statement of profit and loss. Termination benefits are recognized as an expense in the year in which they are incurred.

4.15 Share based payments

The Employee Stock Option Plan ("the Scheme") provides for grant of equity shares of the Company to the employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire the equity shares of the Company that vests in a graded manner or as decided by Remuneration, Compensation and Nomination Committee. The options may be exercised within a specified period. The employee benefits expense is measured using the fair value of the employee stock options and is recognised over vesting period with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. On the exercise of the employee stock options, the employees of the Company will be allotted equity shares.

4.16 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the Company and make strategic decision. The Board of Directors, has been identified as being the chief operating decision maker. Refer Note 45 for segment information presented.

4.16 Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities:

A Provision is recognised when the Company has present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made

Contingent assets:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

4.17 Earnings per share

(i) *Basic earning per share*

Basic earnings per share are calculated by dividing:

- The profit attributable to the shareholder
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year and excluding treasury shares

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financial costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

4.18 Government Grant

Import duty waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

4.19 Significant judgement and estimates in applying accounting policies

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Defined benefit obligation (DBO) – Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

Fair value measurements – The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets (Share based payment). This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Inventories – The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Provision and contingencies – The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

4.19 New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The adoption of Ind AS 116 had no impact on the financial statements of the Company as it has only short-term leases and leases of low-value assets

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments. The Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests. The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture.

Annual Improvements to Ind AS 2018

• Ind AS 103 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

• Ind AS 111 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

• Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

• Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

5. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- ▶ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee, and
- ▶ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

- ▶ The contractual arrangement with the other vote holders of the investee
- ▶ Rights arising from other contractual arrangements
- ▶ The Group's voting rights and potential voting rights
- ▶ The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ▶ Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ▶ Derecognises the carrying amount of any non-controlling interests
- ▶ Derecognises the cumulative translation differences recorded in equity
- ▶ Recognises the fair value of the consideration received
- ▶ Recognises the fair value of any investment retained
- ▶ Recognises any surplus or deficit in profit or loss
- ▶ Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

6 Property, plant and equipment

	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Vehicles	Total	CWIP
Gross carrying amount									
At 1 April 2018	1,052.78	11,245.81	52,783.82	92.86	133.37	132.82	1,292.87	66,734.33	5,627.64
Additions	-	-	40.92	19.15	2.82	7.26	-	70.15	-
Currency translation reserve	-	-	-	1.27	-	1.15	13.57	15.99	-
Disposals/assets written off	-	-	(25,184.71)	(19.43)	(2.50)	(17.45)	(751.95)	(25,976.04)	-
Transfer from CWIP	-	-	4,965.48	-	-	-	-	4,965.48	(4,965.48)
Balance as at 31 March 2019	1,052.78	11,245.81	32,605.51	93.85	133.69	123.78	554.49	45,809.91	662.16
At 1 April 2019	1,052.78	11,245.81	32,605.51	93.85	133.69	123.78	554.49	45,809.91	662.16
Additions	-	-	19.75	-	-	-	-	19.75	-
Currency translation reserve	-	-	0.04	(0.01)	-	(0.01)	(0.02)	-	-
Disposals/assets written off	-	-	(1,305.22)	(3.66)	(14.41)	(2.34)	(1.99)	(1,327.62)	-
Balance as at 31 March 2020	1,052.78	11,245.81	31,320.08	90.18	119.28	121.43	552.48	44,502.04	662.16
Accumulated depreciation									
At 1 April 2018	-	1,872.48	17,818.95	54.96	108.45	61.02	842.22	20,758.08	-
Charge for the year	-	894.82	11,926.48	23.93	13.93	21.49	103.51	12,984.16	-
Currency translation reserve	-	-	-	1.12	-	0.79	6.38	8.29	-
Adjustments for disposals of assets	-	-	(18,487.68)	(17.58)	(2.15)	(12.87)	(578.77)	(19,099.05)	-
Balance as at 31 March 2019	-	2,767.30	11,257.75	62.43	120.23	70.43	373.34	14,651.48	-
At 1 April 2019	-	2,767.30	11,257.75	62.43	120.23	70.43	373.34	14,651.48	-
Charge for the year	-	807.67	2,545.17	13.80	5.35	13.84	56.21	3,442.04	-
Currency translation reserve	-	-	0.04	(0.01)	-	(0.01)	(0.02)	-	-
Adjustments for disposals of assets	-	-	(1,122.92)	(3.18)	(13.64)	(1.90)	(1.87)	(1,143.51)	-
Balance as at 31 March 2020	-	3,574.97	12,680.04	73.04	111.94	82.36	427.66	16,950.01	-
Net book value as at 31 March 2020	1,052.78	7,670.84	18,640.04	17.14	7.34	39.07	124.82	27,552.03	662.16
Net book value as at 31 March 2019	1,052.78	8,478.51	21,347.76	31.42	13.46	53.35	181.15	31,158.43	662.16

(i) Contractual obligations

Refer to note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Capitalised borrowing cost

Borrowing Cost capitalised during the year ended Nil (31 March 2019- INR Nil)

(iii) The gross carrying amount of Property, Plant and Equipment fully depreciated that is still in use is INR 704.73 (31 March 2019 - INR 195.14)

(iv) Refer note 20 for information on property, plant and equipment pledged as security by the Company.

(v) Capital work in progress mainly comprises cheese section at Softa location.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

7 Asset held for Sale (Investment Property)

	Building
Gross carrying amount	
At 1 April 2018	693.75
Additions	-
Exchange differences	48.57
Balance as at 31 March 2019	742.32
At 1 April 2019	742.32
Additions	-
Exchange differences	64.72
Balance as at 31 March 2020	807.04
Accumulated depreciation	
At 1 April 2018	113.89
Depreciation charged during the year	16.55
Exchange differences	7.84
Balance as at 31 March 2019	138.28
At 1 April 2019	138.28
Depreciation charged during the year	-
Exchange differences	12.06
Balance as at 31 March 2020	150.34
Accumulated Impairment	
At 1 April 2018	-
Impairment during the year	203.13
Exchange differences	-
Balance as at 31 March 2019	203.13
At 1 April 2019	203.13
Impairment during the year	-
Exchange differences	17.71
Balance as at 31 March 2020	220.84
Net book value as at 31 March 2020	435.86
Net book value as at 31 March 2019	400.91

- (i) a) The investment properties are valued on the basis of realisable value estimated by the management as under :
- Citadel Tower, Business Bay AED 822,397
 - Executive Tower, Business Bay AED 1,300,000
- b) The Citadel Tower property is held on behalf of the Company and it was being used to earn rental income. As per the law of Free Zone Enterprises, Corporate entity can not hold property in their own name, hence same has been registered in the name of Mr. Sidhant Gupta who does not have any right on property nor does any economic benefit from this property flow to him.
- c) The investment property has been mortgaged to bank against bank borrowings.
- d) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (ii) **Amount recognised in profit and loss for investment properties**

	31 March 2020	31 March 2019
Rental income	-	5.13
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generated rental income	-	-
Profit from leasing of investment properties	-	5.13

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

(iii) Fair value

Particulars	31 March 2020	31 March 2019
Fair value *	435.86	400.91

* The Investment properties are valued on the basis of realisable estimated value by the management.

As the recoverable/realizable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable/realisable amount. An impairment loss is recognised as an expense during the previous year. Also, the depreciation on investment properties is being charged upto November 30, 2018.

8 Intangible assets

	Copyright	Softwares	Total
Gross carrying amount			
At 1 April 2018	100.00	116.94	216.94
Additions	-	-	-
Disposals/assets written off	-	-	-
Balance as at 31 March 2019	100.00	116.94	216.94
At 1 April 2019	100.00	116.94	216.94
Additions	-	-	-
Disposals/assets written off	-	-	-
Balance as at 31 March 2020	100.00	116.94	216.94
Accumulated amortisation			
At 1 April 2018	20.03	65.87	85.90
Charge for the year	10.00	25.09	35.09
Disposals/assets written off	-	-	-
Balance as at 31 March 2019	30.03	90.96	120.99
At 1 April 2019	30.03	90.96	120.99
Charge for the year	10.03	23.01	33.04
Disposals/assets written off	-	-	-
Balance as at 31 March 2020	40.06	113.97	154.03
Net book value as at 31 March 2020	59.94	2.97	62.91
Net book value as at 31 March 2019	69.97	25.98	95.95

Note - 9

	As at 31 March 2020	As at 31 March 2019
Mutual Fund*		
Quoted investments	17.46	16.66
	17.46	16.66
Aggregate book value of:		
Quoted investments	17.46	16.66
Aggregate Market Value of Quoted Investment	17.46	16.66

*Details of investments in Mutual Funds (Quoted) designated at FVTPL:

Particulars	Face Value	Number of units (in lakhs)		Amount	
	(in INR)	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Canara Robeco Capital Protection- Regular Growth Plan	10	1.50	1.50	17.46	16.66

(Maturity Date : 16th July, 2020)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 10

	As at 31 March 2020	As at 31 March 2019
A Loans - non current assets*		
(Unsecured, considered good)		
Security deposits**	160.05	166.56
	160.05	166.56

**Deposits given to various government department/ utility department

B Loans - current assets***(Unsecured, considered good)**

Security deposits	14.92	22.14
Less: Provision for doubtful deposits	(9.26)	-
Net Security deposits	5.66	22.14
Loans to employees	0.89	3.68
	6.55	25.82

*These are carried at amortised cost

Note - 11

	As at 31 March 2020	As at 31 March 2019
Other financial assets - non-current		
Bank deposits with remaining maturity of more than 12 months*	63.11	60.93
	63.11	60.93

*All of the above deposits have been pledged with banks against guarantees, letter of credit and cash credit limit given by the banks and financial institutions.

Note - 12

	As at 31 March 2020	As at 31 March 2019
Deferred tax (liabilities) / assets (net)	-	-

The company has not recognised the deferred tax asset (net) amounting to INR 92,719.94 (previous year INR 88,721.10) due to uncertainty of profitability of taxable income against which the assets can be realised and the same shall be reassessed at subsequent balance sheet date.

Note - 13

	As at 31 March 2020	As at 31 March 2019
A Other non-current assets		
Capital advance	29.60	29.60
Less : Provision for doubtful advance	(29.60)	(29.60)
Advance to material/service providers	4,915.63	4,915.63
Less : Provision for doubtful advance	(4,915.63)	-
	-	4,915.63
B Other current assets		
Advance to material/service providers	30,171.23	29,377.41
Less : Provision for doubtful advance (net)*	(30,161.32)	(29,369.34)
Net Advance to material/service providers	9.91	8.07
Amount paid under protest**	302.37	292.20
Less : Provision for doubtful balances	(223.13)	-
Net Amount paid under protest	79.24	292.20
Prepaid expenses	22.20	43.77
Balances with statutory authorities	113.17	225.83
Other advances	9.60	7.01
	234.12	576.88

*Amount is net-off of provision written back for doubtful advances during the year is INR 2.81 (31 March 2019 INR NIL) (Refer note 27).

**Deposited with revenue authorities. Refer note 39

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 14

	As at 31 March 2020	As at 31 March 2019
Inventories		
Raw materials	-	64.96
Work-in-progress	7.80	302.18
Finished goods	271.30	456.27
Stores and spares	145.16	152.02
Packing material	84.83	251.10
	509.09	1,226.53

Write-downs of inventories to net realisable value amounted to INR 32.36 (31 March 2019 INR 51.00) recognised as an expense during the year and included in 'changes in value of inventories of work-in-progress and finished goods' in Statement of Profit and Loss.

Note - 15

	As at 31 March 2020	As at 31 March 2019
Trade receivables		
Unsecured		
Considered good	1,516.24	5,823.16
Considered doubtful	1,82,829.88	1,78,685.27
Less: Provision for doubtful debts (net)* (Refer note 43)	(1,82,829.88)	(1,78,685.27)
	1,516.24	5,823.16

*Amount is net-off of provision written back for doubtful debts during the year is INR 40.71 (31 March 2019 INR NIL) (Refer note 27).

Note - 16

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Cash on hand	0.24	23.43
Balances with banks in current accounts	302.85	163.90
	303.09	187.33

Note - 17

	As at 31 March 2020	As at 31 March 2019
Other bank balances		
Unclaimed dividend accounts*	33.67	30.31
Bank deposits		
With maturity more than three months but upto twelve months**	136.38	129.30
	170.05	159.61

** Unclaimed dividend account pertains to dividend not claimed by equity shareholders and the Company does not have any right on the said money.

**All of the above deposits have been pledged with banks against guarantees, letter of credit and cash credit limit given by the banks and financial institutions.

Note - 18

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Equity share capital				
i Authorised				
Equity share capital of face value of INR 1 each	1,00,00,00,000	10,000.00	1,00,00,00,000	10,000.00
		10,000.00		10,000.00
ii Issued, subscribed and fully paid up				
Equity share capital of face value of INR 1 each	24,13,54,382	2,413.54	24,13,54,382	2,413.54
		2,413.54		2,413.54

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at 31 March 2020		As at 31 March 2019	
Equity shares	Number	Amount	Number	Amount
Balance at the beginning of the year	24,13,54,382	2,413.54	24,13,54,382	2,413.54
Add: Issued during the year	-	-	-	-
Balance at the end of the year	24,13,54,382	2,413.54	24,13,54,382	2,413.54

iv Rights, preferences and restrictions attached to equity and preference shares

- The Company has only one class of equity shares having a par value of INR 1 per share. Each shareholder is eligible for one vote per share held.
- The Company declares and pays dividend in Indian rupees.
- In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

v Details of shareholder holding more than 5% share capital

	As at 31 March 2020		As at 31 March 2019	
Name of the equity shareholder	Number	%	Number	%
Sanjay Dhingra *	5,79,57,397	24.01	5,79,57,397	24.01

*Refer note no. 38 on details of shares pledged by Mr. Sanjay Dhingra, Managing Director of the Company.

vi Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, by way of bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

- The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
- No bonus issues have been done in preceding five years.
- The Company has not undertaken any buy back of shares.

vii Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 42.

For details of Compulsory convertible debenture of the company, refer note 19

Note - 19

Other equity	As at 31 March 2020	As at 31 March 2019
A Securities premium reserve		
Opening balance	22,516.39	22,516.39
Addition during the year	-	-
Closing balance	22,516.39	22,516.39
B Employee's stock option reserve		
Opening balance	1,778.92	1,618.51
Expense for the year	-	1,447.53
Cancelled during the Period	(1,063.27)	(1,287.12)
Closing balance	715.65	1,778.92
C Retained earnings		
Opening balance	(2,23,266.96)	97,551.58
Transferred/adjustment during the year	(14,443.21)	(3,21,614.91)
Add: Employee stock option plan reserve	1,063.27	1,287.12
Less: Amount transferred to Debenture redemption reserve (Net)	(352.00)	(490.75)
Closing balance	(2,36,998.90)	(2,23,266.96)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

D Other comprehensive income

Opening balance	1,190.04	236.16
Transferred/adjustment	56.10	28.57
Add: Foreign exchange translation	(1,102.28)	925.31
Closing balance	143.86	1,190.04

E Debenture redemption reserve

Opening balance	1,814.00	1,323.25
Add: Amount transferred from Statement of Profit and Loss from retained earning	352.00	629.50
Less: Transferred to reserve	-	(138.75)
Closing balance	2,166.00	1,814.00
	(2,11,457.00)	(1,95,967.61)

(i) Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Other comprehensive income

Remeasurements gains/losses on post employment benefits are recorded in the other comprehensive income.

Employee's stock option reserve

The reserve is used to recognise the grant date fair value of the options issued to employees under Company's employee stock option plan.

Debenture Redemption Reserve

The reserve is created out of profits for the purpose of redemption of debenture as per requirement under Company Act' 2013.

Note - 20

	As at 31 March 2020	As at 31 March 2019
Borrowings - current*		
Secured loans		
Working Capital Facilities (Cash credit)	134,927.38	132,278.00
Debentures		
Non-convertible debentures	11,193.47	11,193.47
Vehicle loans		
From banks	184.47	183.88
External commercial borrowings	9,490.17	9,490.17
Term Loan		
From Banks	288.36	246.21
From others	21,717.64	21,717.64
Unsecured loans		
Term Loan		
From banks	3,468.56	3,468.56
From Others	15,615.65	15,615.65
Other Borrowings	1,062.62	1,062.62
	197,948.32	195,256.20

#The Company defaulted in repayment of loans and borrowings to the banks and financial institutions from financial year 2018-19 onwards and the Company has also defaulted in repayment of dues to debenture-holders from financial year 2018-19 onwards. Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Delhi Bench of the National Company Law Tribunal ("NCLT"). Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under current borrowings. In the absence of a resolution to CIRP up to year end, the original repayment schedule is not applicable. Also refer Note no 45 for further details.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Annexure to Note 20*

Particulars	Amount Outstanding		Original Terms of repayment	Security	
	31 March 2020	31 March 2019			
Secured Loans					
Cash credit facilities from:			Payable on demand	Loans from banks towards cash credit limits are secured by way of :-	
-Allahabad bank	10,292.12	10,292.12		a) First pari passu charge on the entire current assets of the company.	
- Andhra bank	20,611.29	20,611.29		b) First pari passu charge on entire movable and immovable fixed assets including equitable mortgage of factory land and building of the company situated at village Softa ,Palwal (Haryana) and at Village Mumrejpur, Tehsil Dibai, District- Bulandsahar (U.P).	
- Bank of Baroda	17,195.99	17,195.99		c) First pari passu charge on entire fixed assets of Pashupati Dairies Private Limited including Equitable mortgage of Land and Building situated at village Kumarhera, Saharanpur (UP).	
-Bank of India	21,417.44	21,420.04		d) First pari pasu charge by way of equitable mortgage on immovable property in the name of JTPL Private Limited situated at JTPL City, Sector-115 Mohali (Punjab).	
-Canara bank	7,025.11	7,025.11		e) Corporate guarantee of Pashupati Dairies Private Limited.	
-Central bank of India	13,330.67	13,330.67		f) Personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited.	
-Corporation bank	11,347.40	11,347.40		Other Terms and Conditions	
-Dhan laxmi bank	3,800.93	3,800.93		a) Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.	
-IDBI Bank	9,693.89	9,695.33			
-Syndicate bank	5,495.92	5,495.92			
-Bank of Baroda, Dubai(UAE)	3,241.33	2,709.66	Payable on demand	Loans from banks towards cash credit limits are secured by way of :-	
-IDBI,Dubai (UAE)	11,475.29	9,353.54		a) Corporate Guarantee (Unconditional / Irrecoverable) of M/s. Kwality Limited, Parent Company.	
				b) Personal Guarantee (Unconditional / Irrecoverable) of Directors of the Parent Company.	
				c) Mortgage of Immovable Property of subsidiary company.	
			d) Assignment of Receivables and all Assets are pledged to the Bank of subsidiary company.		
Non Convertible Debentures (KKR Group)	11,193.47	11,193.47	Repayable in 18 equal quarterly instalments starting from 5 April 2018	As per Clause 4 of the Deed of Hypothecation dated 13.07.2018 , the charge created in favour of KKR Group was subordinate and subservient charge to the Current Lenders over all the present and future rights, title, interest and benefits of the Hypothecator in, to and under the assets of the hypothecator, present and future, including but not limited to all the movable assets, plant and machinery, fixed assets, tangible and intangible assets of whatsoever nature, lying in, stored at the New Expansion Project at Village Softa Tehsil and Distt. Palwal, Haryana. Upon occurrence of First Ranking Date (receipt of no objection from the Current Lenders), such charge shall automatically become a first ranking charge in favour of KKR Group and shall be shared on pari passu basis with UBI (UK).	
- KKR Capital Markets India Pvt Ltd					
- KKR India Debt Fund I					
- KKR India Debt Fund III					
- BOI AXA Credit Risk Fund					
				Further, KKR Group is secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, an enterprise on which key managerial person of the Company have significant influence; and pledge of shares of Kwality Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusive charge by way of hypothecation of the specified accounts. These debentures are also secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company. Present coupon rate of debentures varies from 12.50% p.a. to 19.20% p.a. Currently, Vistra ITCL (India) Limited is the security trustee of Debentures.	

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Particulars	Amount Outstanding		Original Terms of repayment	Security
	31 March 2020	31 March 2019		
Vehicle Loans			Monthly equated instalments	Vehicle loans from bank & others are secured by hypothecation of Vehicles. Rate of Interest varies between 7.8% to 11.51%. Period of maturity for loans varies between 3 year to 5 year and number of repayment instalments is ranging between 36 to 60 months.
From Banks				
-HDFC Bank	171.45	171.45		
-ICICI Bank	13.02	12.43		
External commercial borrowings - Union Bank of India (UK) Ltd	9,490.17	9,490.17	Repayable in 12 half yearly instalments which has already started from 30 September 2017	First pari passu charge on all the movable fixed/block assets (except Current Assets) including, but not limited to plant and machinery, machinery spares, tools and accessories of the borrower pertaining to the project or procured out of the facility, both present and future (the "Hypothecated assets") located at Village Softa Tehsil and Distt. Palwal, Haryana. Further, UBI is secured by Personal guarantee of Mr Sanjay Dhingra, Managing Director of the Company and security in form of pledge of shares of Kwaliti Limited in the name of Mr. Sanjay Dhingra. Present rate of Interest on loan is 3 months LIBOR plus 425bps."
Term Loan from Banks				
- First Gulf Bank, Dubai	288.36	246.21	Monthly equated instalments	Rate of interest is 4.97% p.a. period of maturity for loans varies between 10 year to 15 year and number of repayment instalments is ranging between 100 to 180 months.
Term Loan from others				
- KKR India Financial Services Pvt Ltd	21,717.64	21,717.64	Repayable in 18 equal quarterly instalments of INR starting from 5 April 2018	As per Clause 4 of the Deed of Hypothecation dated 13.07.2018, the charge created in favour of KKR Group was subordinate and subservient charge to the Current Lenders over all the present and future rights, title, interest and benefits of the Hypothecator in, to and under the assets of the hypothecator, present and future, including but not limited to all the movable assets, plant and machinery, fixed assets, tangible and intangible assets of whatsoever nature, lying in, stored at the New Expansion Project at Village Softa Tehsil and Distt. Palwal, Haryana. Upon occurrence of First Ranking Date (receipt of no objection from the Current Lenders), such charge shall automatically become a first ranking charge in favour of KKR Group and shall be shared on pari passu basis with UBI (UK). Further, KKR Group is secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, an enterprise on which key managerial person of the Company have significant influence; and pledge of shares of Kwaliti Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusive charge by way of hypothecation of the specified accounts. This term loan is also secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company. Present coupon rate of loan varies from 12.50%p.a. to 19.20% p.a.
Unsecured Loans				
Term Loan from bank				
- Karur Vysya Bank	2,175.54	2,175.54	Repayable in 16 equal quarterly instalments which has already started from 16 January, 2017	The loan is secured by way of Equitable Mortgage on land/ properties in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab). Moreover it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Present rate of Interest on loan is 12%.
- Woori Bank	1,293.02	1,293.02	Repayable in 18 equal monthly instalments starting from 31 March 2018	The loan is secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company. Present rate of Interest on loan is 10.80%.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Particulars	Amount Outstanding		Original Terms of repayment	Security
	31 March 2020	31 March 2019		
Term Loan from others				
- Mahindra & Mahindra Financial Services Ltd (A)	1,242.18	1,242.18	Repayable in 48 equated monthly instalments commencing at the end of first month from the first date of disbursement starting from 15 June 2016	Loan from Mahindra & Mahindra Financial Services Limited is secured by way of mortgage of land and building at Sector 115, Mohali, Punjab owned by JTPL Private Limited, enterprise on which key managerial person have significant influence. Further, it is secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 11.85%.
- Mahindra & Mahindra Financial Services Ltd (B)	2,230.55	2,230.55	Repayable in 48 equated monthly instalments commencing at the end of first month from the first date of disbursement starting from 15 July 2017	It is secured by way of mortgage of land and building at Sector 115, Mohali, Punjab owned by JTPL Private Limited, enterprise on which key managerial person have significant influence. Moreover it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 12.15%.
Term Loan from others				
- IFCI Limited (A)	4,668.54	4,668.54	Repayable in 16 equal quarterly instalments starting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement.	Secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab), and further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Private Limited. The present rate of interest on loan is 11.75 % p.a.
- IFCI Limited (B)	5,335.48	5,335.48	Repayable in 24 equal quarterly instalments starting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement.	Secured by way of equitable mortgage on the immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab), and further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Private Limited. The present rate of interest on loan is 11.50% p.a.
- Hero Fincorp Limited (A)	1,710.95	1,710.95	Monthly EMI	Loan from Hero Fincorp Limited is secured by way of equitable mortgage on immovable property in the name of JTPL Private Limited, enterprise on which key managerial person have significant influence situated at JTPL City, Sector-115 Mohali (Punjab) and personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Private Limited. Rate of interest on loan is 12.75% p.a.
- Hero Fincorp Limited (B)	427.95	427.95		
Other borrowings - American Express - Axis Bank Ltd - Vistaar Financial Services Private Limited	1,062.62	1,062.62	Payable on demand	-
Total borrowings	197,948.32	195,256.20		

*Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Delhi Bench of the National Company Law Tribunal ("NCLT"). Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under current borrowings. Since the Company is under CIRP, the original repayment schedule is not applicable. Also refer Note 47 for further details.

Note - 21

	As at 31 March 2020	As at 31 March 2019
A Provisions - Non current		
Provision for employee benefits:		
Compensated absences	33.96	41.16
Gratuity	104.12	182.16
	138.08	223.32
B Provisions - current		
Provision for employee benefits:		
Compensated absences	7.75	8.67
Gratuity	32.27	43.50
	40.02	52.17

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note 22

	As at 31 March 2020	As at 31 March 2019
Trade payables		
Due to micro and small enterprises*	70.87	71.26
Due to others	6,443.83	6,989.90
	6,514.70	7,061.16

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") :

Particulars		31 March 2020	31 March 2019
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	70.87	71.26
ii)	the amount of interest paid by the buyer in terms of section 16, along with the of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note - 23

	As at 31 March 2020	As at 31 March 2019
Other financial liabilities - current		
Payable to employees	558.88	643.33
Unpaid dividend on equity shares	33.67	30.31
Payable for capital goods	299.46	300.84
Security deposits received	176.46	543.63
Loan from directors	12,136.26	12,136.26
Loan from related parties	2,379.59	2,379.59
	15,584.32	16,033.96

Note - 24

	As at 31 March 2020	As at 31 March 2019
A Other Non current liabilities		
Deferred revenue*	-	431.29
	-	431.29
B Other current liabilities		
Payable to statutory authorities	501.23	540.54
Advance from customers	471.34	309.76
Deferred revenue*	738.84	307.55
	1,711.41	1,157.85

*Deferred revenue INR 738.84 (previous year INR 738.84) represents grants relating to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 25

	As at 31 March 2020	As at 31 March 2019
Current tax liabilities (net)		
Opening balance	18,814.68	17,929.09
Add: Current tax payable for the year	-	-
Add: Interest/ earlier year effect on income tax	-	1,326.91
Less: Taxes paid during the year	(15.35)	(441.32)
	18,799.33	18,814.68

Note - 26

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations		
Sale of products	13,427.90	212,336.99
Sale of services	1,585.35	593.13
Other operating income	43.56	57.42
	15,056.81	212,987.54

Note - 27

	For the year ended 31 March 2020	For the year ended 31 March 2019
Other income		
Interest income	12.23	40.93
Release of derivative liability	-	350.72
Profit on sale/ discard of fixed assets	0.29	56.45
Write-back of provision for doubtful debts/advances	43.52	-
Write-back of liabilities no longer payable	11.53	-
Miscellaneous income	8.07	33.31
	75.64	481.41

Note - 28

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cost of materials consumed		
Opening stock	64.96	261.35
Add: Purchases	11,129.19	159,225.46
Less: Closing stock	-	(64.96)
Cost of materials consumed	11,194.15	159,421.85

Note - 29

	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of stock in trade		
Purchase of traded goods	-	5,194.66
	-	5,194.66

Note - 30

	For the year ended 31 March 2020	For the year ended 31 March 2019
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	271.30	456.27
Work-in-progress	7.80	302.18
	279.10	758.45

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Inventories at the beginning of the year:

Finished goods	456.27	12,738.55
Stock-in-trade	-	2,619.88
Work-in-progress	302.18	5,261.08
	758.45	20,619.51
(Increase)/Decrease in inventories	479.35	19,861.06

Note - 31

Employee benefits expense

Salaries, wages and bonus	1,181.93	2,604.25
Contribution to provident fund and other funds	45.57	85.89
Staff welfare expenses	20.85	52.15
Share based payment expense	-	1,447.53
	1,248.35	4,189.82

Note - 32

Finance costs

Interest expenses	1,557.78	17,516.32
Other borrowings cost	-	2,291.98
	1,557.78	19,808.30

Note - 33

Other expenses

Consumption of packing materials	399.67	4,324.87
Consumption of stores and spare parts	115.92	203.14
Power and fuel	1,352.54	1,789.55
Processing charges of milk	34.01	352.60
Advertisement & sales promotion	1.07	769.22
Bank charges	3.28	136.78
Foreign exchange fluctuation (net)	-	738.98
Scheme/Discount	-	76,084.61
Bad debts written off	-	10,251.16
Other current assets written off	149.65	-
Provision for doubtful debts	2,567.15	178,285.27
Provision for doubtful advances	4,915.63	29,398.95
Provision for doubtful other current assets	223.13	-
Provision for doubtful deposits	9.26	-
Loss due to Impairment of fixed assets	-	203.13
Loss on discard of Packing Material	133.77	212.87
Loss on discard of fixed assets	183.91	6,659.72
Commission & brokerage	-	0.30
Communication expenses	19.27	46.65
Donations and contributions	-	0.21
Insurance	48.45	78.37

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Legal and professional expenses	446.29	394.19
Miscellaneous expenses	282.66	448.14
Payments to auditors (refer note (i) below)	8.00	26.22
Printing and stationery	3.57	13.63
Rates and taxes	23.88	404.08
Rent	67.39	281.77
Repairs and maintenance - Building	4.51	12.62
Repairs and maintenance - Plant and machinery	133.88	597.05
Transportation charges	443.80	1,642.06
Vehicle running expenses	5.18	29.48
Travelling and conveyance	45.08	273.76
Corporate social responsibilities expenditure (refer note (ii) below)	-	-
	11,620.95	313,659.38
	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Details of payment to auditors		
Payment to auditor (Excluding applicable taxes to the extent credit not availed)		
In capacity as auditor		
Audit fee	2.00	7.50
Limited review	5.75	13.47
Tax audit fee	0.25	1.50
In other capacity		
Other services	-	3.75
	8.00	26.22

(ii) Corporate social responsibility expenses[#]

Gross amount required to be spent by the company during the year is INR Nil (previous year INR 388.57).

Particulars		In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2020	-	-	-
	31 March 2019	-	-	-
On purposes other than above	31 March 2020	-	-	-
	31 March 2019	-	-	-

[#] During the year ending 31 March 2019, the Company has not been able to comply with the requirements of CSR due to insufficient funds. The Board in the best interest of the stakeholders opted to defer any expenditure on CSR Activities. Currently, the Company is under Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016.

Note - 34**Income tax****Tax expense comprises of:**

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax *	-	5.99
Deferred tax charge	-	(92.99)
Income tax expense reported in the Statement of Profit or Loss	-	(87.00)

*Current tax also include tax for earlier years INR NIL (previous year- INR 5.99)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 31.20% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

Accounting profit/(loss) before tax from continuing operations	(14,443.21)	(321,701.91)
Accounting profit/(loss) before income tax	(14,443.21)	(321,701.91)

At India's statutory income tax rate of 31.20% (31 March 2019: 31.20%)	-	-
--	---	---

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Impact of depreciation of tax	-	(712.09)
Impact of earlier year tax	-	5.99
Impact of allowed/ disallowed expenses	-	138.43
Impact of Ind AS adjustment	-	376.43
Other items	-	104.24
Income tax expense	-	(87.00)

Note - 35

Other Comprehensive Income

(A) Items that will not be reclassified to profit or loss

Re-measurement profit/(loss) on defined benefit plans	56.10	28.57
Income tax relating to re-measurement gain on above	-	-

(B) Items that will be reclassified to profit or loss

(1,102.28)	925.31
(1,046.18)	953.88

Note - 36

Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) attributable to equity holders (Basic/Dilutive)	(14,443.21)	(321,614.91)
Weighted average number of equity shares for basic EPS	241,354,382	241,354,382
Effect of dilution:		
Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	241,354,382	241,354,382

For the purpose of calculating the weighted average number of shares, the weighted average effect of changes in treasury share transactions during the year has also been considered. No other transaction involving equity shares or potential equity shares is there between the reporting date and the date of authorisation of these financial statements.

Earnings per equity share (INR)

(1) Basic	(5.98)	(133.25)
(2) Diluted	(5.98)	(133.25)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 37**Capital management****(a) Risk management**

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.
- Monitor gearing ratio in line with the industry

However, in view of certain adverse factors and liquidity problems faced by the Company, the net worth of the Company has been fully eroded and the Company is presently under CIRP process under the Code and thereby continue to operate as a going concern under the Code. Refer note 1 for further details.

Particulars	31 March 2020	31 March 2019
Net Debt (A)	197,645.24	195,068.88
Total equity (B)	(209,043.46)	(193,554.07)
Net debt to equity ratio (A/B)	(94.55)%	(100.78)%

(i) Loan covenants

The Company is currently under the CIRP process under the Code and the financial covenants of interest bearing loan & borrowings have been breached during the previous year. The financial creditors have filed their financial claims with the IRP/ RP with respect to their dues as on Insolvency Commencement date and the same will be dealt with as per the Code.

Note - 38**I Related party transactions**

Relationships	Name of the party
Key managerial personnel (KMP)	Rattan Sagar Khanna - Chairman Sanjay Dhingra - Managing Director* Swati Chaturvedi - Independent Women Director (tendered resignation 01 July 2019 which was disapproved by the Committee of Creditors of the Company in their meeting held on 15 July 2019 whereas director suo moto filled resignation with MCA which is reflecting on their portal) Sharad Bhandari - Chief Financial Officer (w.e.f. 27 October 2018) Pradeep Kumar Srivastava - Company Secretary Manjit Dahiya - Whole Time Director (resigned w.e.f. 1 October 2018) Sidhant Gupta - Non Executive Director (resigned w.e.f. 11 July 2018) Kuldeep Sharma - Whole Time Director (resigned w.e.f. 1 October 2018) Ankita Mehrotra - Independent Women Director (resigned w.e.f. 28 July 2018) Akhilesh Kumar Mishra - Independent Director (w.e.f 1 September 2018 and resigned w.e.f 15 February 2019) Satish Kumar Gupta - Chief Financial Officer (resigned w.e.f. 27 October 2018)
Enterprises on which key managerial person have significant influence	JTPL Private Limited Pashupati Dairies Private Limited Sahayogi Foundation

*Mr. Sanjay Dhingra (DIN: 00025376), Managing Director, was liable to retire by rotation in the Annual General Meeting for the year ended 31 March 2019 as per section 152 of the Companies Act, 2013, which requires not less than two-thirds of the total number of directors shall be liable to retire by rotation. The Company is undergoing CIRP vide order dated December 11, 2018, the power of the Board of Directors stands suspended and any change in the Management of the Company would have required approval of the

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Committee of the Creditors. Consequently, Mr. Sanjay Dhingra's agenda to retire by rotation was not included in the Annual General Meeting held on 29 November 2019. In view of the above he continues to remain Director cum Managing Director though with power suspended in accordance with the IBC.

II Disclosures in respect of material transactions with related parties during the year

Related Party	Nature of Transactions	31 March 2020	31 March 2019
Pashupati Dairies Private Limited	-Rent Paid	-	50.00
	-Royalty Paid	-	10.62
	-Reimbursement of expenses	-	83.48
	- Unsecured Loan	-	50.98
JTPL Private Limited	-Unsecured Loan	-	2,328.61
Sanjay Dhingra	-Managerial Remuneration (Short term)	-	86.80
	-Sale of Vehicle	-	54.00
	-Loan received	-	12,190.26
	-Shares Pledge	-	5,799.60
	-Pledged Shares released	-	1,195.79
	-Pledged Shares invoked	-	12,420.25
Sidhant Gupta	-Meeting Fee	-	0.10
Rattan Sagar Khanna	-Meeting Fee	-	0.80
	-Sale of Products	-	0.06
	-Sale of Vehicle	-	2.50
Pradeep Kumar Srivastava	-Remuneration (Short term)	17.80	14.60
	-Post employee benefits	0.59	0.42
Sharad Bhandari	-Remuneration (Short term)	26.32	15.73
	-Post employee benefits	0.76	0.94
Ankita Mehrotra	-Meeting Fee	-	0.10
Swati Chaturvedi	-Meeting Fee	-	0.70
Akhilesh Kumar Mishra	-Meeting Fee	-	0.60
Manjit Dahiya	-Managerial Remuneration (Short term)	-	22.00
	-Sale of Vehicle	-	0.97
Satish Kumar Gupta	-Remuneration (Short term)	-	13.06
Kuldeep Sharma	-Remuneration (Short term)	-	7.20

III Balances with related parties

Related Party	Nature of Transactions	31 March 2020	31 March 2019
Pashupati Dairies Private Limited	Amount Payable-Rent/Royalty/Expenses ⁶	54.70	54.70
	Unsecured Loan	50.98	50.98
	Guarantee taken for Financial Limits	113,643.00	113,643.00
JTPL Private Limited	Collateral Security/guarantee taken	179,143.00	179,143.00
	Unsecured Loan	2,328.61	2,328.61
Sahayogi Foundation	CSR Activities ⁵	130.85	130.85
Sanjay Dhingra	Guarantee taken for Long Term Loans ¹	74,900.00	74,900.00
	Guarantee taken for Financial Limits ¹	113,643.00	113,643.00
	Guarantee taken for ECB ¹	9,106.17	9,106.17
	Shares Pledge for Loan ⁴	793.98	3,796.05
	Payable for Loan received ²	12,136.26	12,136.26

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Related Party	Nature of Transactions	31 March 2020	31 March 2019
	Payable to employee ³	18.90	18.90
	Employee benefit provision	-	10.37
Pradeep Kumar Srivastava	Payable to employee	1.67	1.81
	Employee benefit provision	2.80	2.21
Sharad Bhandari	Payable to employee	1.94	2.59
	Employee benefit provision	1.70	0.94
Manjit Dhaiya	Payable to employee	6.90	14.90
Sidhant Gupta	Payable to employee	0.09	0.09
Rattan Sagar Khanna	Payable to employee	0.66	0.66
Arun Srivastava	Payable to employee	0.09	0.09
Swati Chaturvedi	Payable to employee	0.27	0.27
Akhilesh Kumar Mishra	Payable to employee	0.09	0.09

Note:

- Guarantee given by Mr. Sanjay Dhingra in relation to Loans taken by the Company has been invoked by various Banks and Financial Institutions.
- During the Financial year 2018-19, few of the Company's lenders have sold the shares of Mr. Sanjay Dhingra, Managing Director amounting to INR 8,539.07 lakhs (No. of Share 361.88 lakhs) pledged with them. The amount adjusted by lender by way of sale of shares, has been classified as unsecured loan from Director. The unsecured loan amount does not carry any interest.
- Mr. Sanjay Dhingra has foregone his remuneration with effect from 1 December 2018.
- Shares have been valued at closing rate as on 31 March 2020 INR 1.37 (31 March 2019 INR 6.55).
- Amount outstanding prior to CIRP and no transactions entered henceforth
- Pashupati Dairies Private Limited has waived royalty from 1 April 2019 to 31 March 2020

Note:

Since Resolution Professional Mr. Shailendra Ajmera has been appointed pursuant to NCLT order dated 11 December 2018 under IBC, he is not considered as Key Management Personnel.

Note - 39**Summary of contingent liabilities and commitments** (to the extent ascertainable)

Sr. No.	Particulars	31 March 2020	31 March 2019	Claim admitted*
1	Milk cess disputed by the company relating to issue of applicability of the act namely Haryana Murrah Buffalo & Other Milch Animal Breed(Prevention & Development of Animal Husbandry & Dairy Development Sector) Act, against which the company has preferred an SLP against the order of Punjab & Haryana High Court before Hon'ble Supreme Court of India. Deposited under protest a sum of INR 223.13 (previous year INR 212.96 lakhs) with Semen Bank officer, of Haryana Livestock Development Board for which the matter is already before Hon'ble Supreme Court.	4,080.94	4,600.45	4,074.19
2	A civil recovery suit has been filed by S.M. Milkose Limited regarding dispute in supply of material which is disputed by the Co. & is pending before The Hon'ble High Court of Delhi.	156.97	156.97	-
3	Appeal under Food Safety Act, 2006 , Kwality Limited and others versus Food Safety officer, Sh. Chander Veer Singh Jadon, Kota, Rajasthan	0.50	0.50	-

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Sr. No.	Particulars	31 March 2020	31 March 2019	Claim admitted*
4	ADM Bulandshahr had decided a matter under Food Safety Act, 2006 read with Regulations 2011 and imposed a penalty of INR 4 lakhs on the Company. The Company had preferred and appeal against the order before FSSAI Appellate Authority, Meerut and the Appellate Court had stayed the impugned order subject to deposit of 50% of the penalty amount.	4.00	4.00	-
5	The said case pertains to FSSAI penalty case by ADM Surajpur Court , Before, ASDM, Surajpur, Gautam Budh Nagar (U.P)	2.00	2.00	-
6	DEPB Credit matter in CESTAT, Mumbai Nava Shavah	69.44	69.44	-
7	EPCG License, Commissioner of Customs, NS-II, JNCH, Nhava Sheva	182.52	-	182.52
8	Contingent liabilities on account of sales and services tax matters	18,985.90	1,538.23	3,370.68
9	Contingent Liability for Bank Guarantee	72.13	72.13	-
10	Contingent liability on account of Income tax matters. For further details refer note no. 46	878,761.66	Not ascertainable as assessment is ongoing	-
11	Commitments	NIL	NIL	

*Represents amount accepted till the insolvency commencement date by the interim Resolution Professional/ Resolution Professional w.r.t. to matters reflected in contingent liabilities, however the same is not reflected in the books of accounts. Refer Note 47 for further details.

Note - 40

Operating leases – lessee

The company has applied Ind AS 116 which supersedes Ind AS 17 Leases including its appendices. The Company has elected to apply the exemption as a lessee provided in Ind AS 116 to all contracts that are ongoing at the date of initial application for non-recognition of leases which are short term and the underlying asset is of low value.

The Company's has taken various premises and machinery on leases having rent of INR 67.39 (31 March 2019: INR 281.77) which has been charged to Statement of Profit and Loss. All the ongoing leases are exempted under the Ind AS 116 (applicable from current financial year), as leases at the date of initial application are short term and the underlying asset is of low value therefore that is no requirement of any restatement during the year.

Note – 41

Gratuity and compensated absences

Compensated absences

Amount recognized in the Statement of Profit and Loss is as under:

Particulars	31 March 2020	31 March 2019
Current service cost	7.23	10.32
Interest cost	3.24	15.35
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	1.53	0.99
-Changes in experience adjustment	(8.56)	(147.65)
Cost recognized during the year	3.44	(120.99)

Movement in the liability recognized in the balance sheet is as under:

Particulars	31 March 2020	31 March 2019
Present value of defined benefit obligation at the beginning of the year	49.83	211.71
Current service cost	7.23	10.32
Interest cost	3.24	15.35
Actuarial (gain)/loss, net	(7.03)	(146.66)
Benefits paid	(11.56)	(40.88)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Present value of defined benefit obligation at the end of the year	41.71	49.83
-Current	7.75	8.67
-Non-current	33.96	41.16

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	31 March 2020	31 March 2019
Discount rate	6.50%	7.25%
Salary escalation rate	7.00%	7.00%
Withdrawal rate 18 to 58 years	16.00%	16.00%
Mortality table	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis for compensated absences liability

Particulars	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	39.85	47.57
Impact due to decrease of 1 %	43.76	52.32
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	41.66	49.86
Impact due to decrease of 1 %	41.76	49.80
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	43.73	52.30
Impact due to decrease of 1 %	39.84	47.54

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, as amended. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan.

Amount recognized in the Statement of Profit and Loss is as under:

Particulars	31 March 2020	31 March 2019
Current service cost	20.53	39.31
Interest cost	14.67	21.84
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	5.45	2.87
-Changes in experience adjustment	(61.54)	(31.44)
Cost recognized during the year	(20.89)	32.58

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Movement in the liability recognized in the balance sheet is as under:

Particulars	31 March 2020	31 March 2019
Present value of defined benefit obligation at the beginning of the year	225.66	301.20
Current service cost	20.53	39.31
Past service cost	-	-
Interest cost	14.67	21.84
Actuarial (gain)/loss, net	(56.10)	(28.57)
Benefits paid	(68.37)	(108.12)
Present value of defined benefit obligation at the end of the year	136.39	225.66
-Current	32.27	43.50
-Non-current	104.12	182.16

For determination of the liability of the Company, the following actuarial assumptions were used:

Particulars	31 March 2020	31 March 2019
Discount rate	6.50%	7.25%
Salary escalation rate	7.00%	7.00%
Mortality table	Indian Assured Lives Mortality (2012 -14)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

Sensitivity analysis for defined benefit obligation

Particulars	31 March 2020	31 March 2019
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	130.54	215.68
Impact due to decrease of 1 %	142.84	236.26
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	135.93	224.78
Impact due to decrease of 1 %	136.87	226.54
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	142.75	235.29
Impact due to decrease of 1 %	130.51	216.49

The estimates of future salary increases, inflation, seniority, promotion and other relevant factors, considered in actuarial valuation such as supply and demand in the employment market. The rate used to discount post employment benefit obligations (both funded and unfunded) should be determined by reference to market yields at the balance sheet date on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the post employment benefit obligations.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note – 42**Share based payments**

Company has reserved issuance of 1,00,00,000 (Previous Year: 1,00,00,000) Equity Shares of INR 1 each for offering to the eligible employees of the Company and its subsidiaries under Employees Stock Option Plan 2014 (ESOP 2014). During the year the Company has granted NIL Options at a price of INR NIL per option (Previous Year NIL Options at a price of INR NIL per option). The options would vest over a period of 1 year. Once vested, the options remains exercisable for a period of 5 years. The other disclosure in respect of the ESOP Scheme are as under:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V
Option issued	1,937,000	50,000	43,000	2,736,000	500,000
Grant date	23 July 2015	8 October 2015	1 August 2016	28 August 2017	10 January 2018
Vesting Period	1 year	1 year	1 year	1 year	1 year
Exercise Price	38.00	38.00	38.00	50.00	10.00
Fair market value of options on grant date*	67.28	76.18	90.63	92.44	105.56
Option outstanding as at 31 March 2020	1,200	-	-	773,300	-
Weighted average remaining contractual life of options outstanding as at 31 March 2020 (in years)	3.41	-	-	3.41	-
Option outstanding as at 31 March 2019	2,800	-	-	1,351,400	500,000
Weighted average remaining contractual life of options outstanding as at 31 March 2019 (in years)	4.51	-	-	4.51	4.51

*The fair value of the options has been determined using the Black Scholes model, as certified by an independent valuer.

The following table illustrates the numbers and weighted average exercise prices (WAEF) of, and movements in, share options during the year:

Particulars	31 March 2020		31 March 2019	
	No of options	WAEF	No of options	WAEF
Opening balance	1,854,200	43.80	3,249,500	43.80
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Cancellable / Lapsed during the year*	(1,079,700)	31.46	(1,395,300)	49.91
Closing balance	774,500	49.98	1,854,200	43.80
Exercisable as at year end	774,500	49.98	1,854,200	43.80

*13,95,300 options includes vested 30,500 options for year ending 31 March 2018 and unvested 4,27,300 options for year ending 31 March 2019 under Grant IV

The following table list the inputs used for the year ended :

	31 March 2020	31 March 2019
Dividend yield (%) on face value of share	10.00%	10.00%
Expected Volatility (%)	51.95% - 134.08%	51.95% - 134.08%
Risk-free interest rate (%)	6.66% - 7.63%	6.66% - 7.63%
Expected life of share option (in years)	6	6
Weighted average share price (INR)	49.98	39.20
Module used	Black Scholes	Black Scholes

Note:

All the vested options up to the date of resignation may be exercised before the last working day and any such options which are not exercised are liable to be cancelled and the unvested options are cancelled on the date of resignation. Subsequently, on 19 June 2020 meeting of KMPs cancelled/forfeited in conformity with the terms and conditions contained in Kwality Employee Stock Option Plan 2014 read with SEBI (Share Based Employee Benefit) Regulations, 2014.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Note - 43

Financial risk management

Financial instruments by category

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	1,516.24	-	-	5,823.16
Security deposit and loans	-	-	166.60	-	-	192.39
Cash and cash equivalents	-	-	303.09	-	-	187.33
Bank deposits and unclaimed dividend	-	-	233.16	-	-	220.54
Investments	17.46	-	-	16.66	-	-
Total financial assets	17.46	-	2,219.09	16.66	-	6,423.42

Particulars	31 March 2020			31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	197,948.32	-	-	195,256.20
Trade payables	-	-	6,514.70	-	-	7,061.16
Security deposits	-	-	176.46	-	-	543.63
Others	-	-	15,407.85	-	-	15,490.33
Total financial liabilities	-	-	220,047.33	-	-	218,351.32

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base and credit limits
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – Foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting and Sensitivity analysis	Forward contract/hedging
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – Security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversifications

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk is the risk that counter party will not meet it's obligation under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Secured, negligible

B: Partly secured

C: Unsecured

D: Doubtful

Assets under credit risk –

Credit rating	Particulars	31 March 2020	31 March 2019
A: Secured, negligible		-	-
B: Partly secured		-	-
C: Unsecured	Trade receivables	1,516.24	5,823.16
	Security deposits	165.71	188.70
	Loans to employees	0.89	3.68
	Bank deposits	199.49	190.22
	Advances recoverable in cash or kind	9.91	4,923.70
	Investment	17.46	16.66
D: Doubtful	Trade receivables	182,829.88	178,685.27
	Advances recoverable in cash or kind	35,076.95	29,369.34
	Capital Advances	29.60	29.60
	Amount paid under protest	223.13	-
	Security deposits	9.26	-

The risk parameters are same for all financial assets for all period presented. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

*Credit risk exposure***Provision for expected credit losses**

The Company provides for expected credit loss based on lifetime expected credit loss mechanism for loans, deposits and other investments –

As at 31 March 2020

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	0.89	0%	-	0.89
Security deposit	165.71	0%	-	165.71
Bank deposits	199.49	0%	-	199.49
Advances recoverable in cash or kind	9.91	0%	-	9.91
Investment	17.46	0%	-	17.46

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

As at 31 March 2019

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	3.68	0%	-	3.68
Security deposit	188.69	0%	-	188.69
Bank deposits	190.22	0%	-	190.22
Advances recoverable in cash or kind	4,923.70	0%	-	4,923.70
Investment	16.66	0%	-	16.66

Expected credit loss for trade receivables under simplified approach

Ageing	0-3 months old	03-06 months old	more than 6 months old	Total
As at 31 March 2020				
Gross carrying amount	701.96	70.55	183,573.61	184,346.12
Expected loss rate	-	-	99.59%	
Expected credit loss provision	-	-	182,829.88	182,829.88
Carrying amount of trade receivables	701.96	70.55	743.73	1,516.24

Ageing	0-3 months old	03-06 months old	more than 6 months old	Total
As at 31 March 2019				
Gross carrying amount	3,023.55	26,370.78	155,114.10	184,508.43
Expected loss rate	-	89.38%	100.00%	
Expected credit loss provision	-	23,571.17	155,114.10	178,685.27
Carrying amount of trade receivables	3,023.55	2,799.61	-	5,823.16

Reconciliation of Expected credit loss provision

Particulars	Trade Receivables	Other Assets
As at 1 April 2018	400.00	-
Changes in provision	178,285.27	29,398.95
As at 31 March 2019	178,685.27	29,398.95
Changes in provision (net)	2,533.79	5,145.20
Currency translation reserve	1,610.82	794.79
As at 31 March 2020	182,829.88	35,338.94

B Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is insignificant.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivatives					
Borrowings (including interest)	197,948.32	-	-	-	197,948.32
Trade payable	6,514.70	-	-	-	6,514.70
Other financial liabilities	15,407.85	-	-	-	15,407.85
Security deposits	176.46	-	-	-	176.46
Total	220,047.34	-	-	-	220,047.34

31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivatives					
Borrowings (including interest)	195,256.20	-	-	-	195,256.20
Trade payable	7,061.16	-	-	-	7,061.16
Other financial liabilities	15,490.33	-	-	-	15,490.33
Security deposits	543.63	-	-	-	543.63
Total	218,351.32	-	-	-	218,351.32

C Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market price. Market risk comprises three type of risk: Interest rate risk, foreign currency risk and price risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with respect to the US Dollar, Euro etc. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency. The Company does not hedge its foreign exchange receivables/payables. Refer note 47 for further details.

Foreign currency risk exposure:

Particulars	31 March 2020		31 March 2019	
	USD	INR	USD	INR
Export trade receivable [^]	21,076,661.73	13,829.48	21,076,661.73	13,829.48
Balance with banks - Export Earner in Foreign Credit (EEFC)	-	-	2,377.27	1.66
Trade Advance received	68,964.40	47.29	68,964.40	47.29
Import trade payable	391,837.17	268.70	391,837.17	268.70
Foreign currency loan (Union Bank of India - UK)*	13,202,007.35	9,490.17	13,202,007.35	9,490.17

*Union Bank of India - UK has submitted financial claim under CIRP of INR 9,652.24 lakhs whereby INR 9,643.66 lakhs has been admitted.

[^]Provision for doubtful debts has been created in the books of account for export trade receivable

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	31 March 2020	31 March 2019
USD sensitivity		
INR/USD- increase by 5% (31 March 2020 5%)	-	293.34
INR/USD-decrease by 5% (31 March 2019 5%)	-	(293.34)

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 March 2020	31 March 2019
Variable rate borrowing	196,701.23	194,009.70
Fixed rate borrowing	1,247.09	1,246.50
Total borrowings	197,948.32	195,256.20

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2020	31 March 2019
Interest rate sensitivity		
Interest rates – increase by 50 basis points (previous year 50 bps)	-	976.28
Interest rates – decrease by 50 basis points (previous year 50 bps)	-	(976.28)

Under the company risk management policy, the management closely monitor the viable options and accordingly currently discontinued the interest rate SWAP agreement as it became loss scenario.

Price risk

The Company does not have any price risk as it does not hold any material investment.

Note - 44

Fair value measurements

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Financial assets and financial liabilities measured at fair value – recurring fair value measurements

31 March 2020	Classification	Level 1	Level 2	Level 3	Total
Financial assets					
Investment in mutual funds	FVTPL	17.46			17.46

31 March 2019	Classification	Level 1	Level 2	Level 3	Total
Financial assets					
Investment in mutual funds	FVTPL	16.66			16.66

(iii) Financial instruments measured at amortised cost

- The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.
- The fair value of security deposits were calculated based on cash flows discounted using current lending rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the security deposits.
- The fair value of non-current borrowings are based on discounted cash flows using current borrowing rate which is not materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the non-current borrowings.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

(iv) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- (a) The use of quoted market prices or dealer quotes for similar instruments
- (b) The fair value of the remaining financial instruments is determined based on adjusted net assets method.
 - Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

Note - 45

The Company is primarily engaged in the business of processing, manufacturing and trading of milk, milk products & dairy products, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment.

A	Revenue from external customers	31 March 2020	31 March 2019
	India (Domiciled Country)	15,056.81	208,923.25
	UAE	-	4,064.29
	Other Foreign Countries	-	-
	Total	15,056.81	212,987.54

- B** During the year company has 4 external customers (Previous year Nil) having revenue 10 percent or more of company's reported revenues from external customers

Revenue from external customers	31 March 2020	% of Revenue
Britannia Industries Limited	4,495.51	29.86%
PNC Enterprises Pvt Ltd	2,939.75	19.52%
Mother Dairy Fruit & Veg Pvt Ltd	1,963.58	13.04%
Canteen Stores Department	1,526.94	10.14%
Others	4,131.03	27.44%
Total	15,056.81	100.00%

- C** The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

Particulars	31 March 2020	31 March 2019
India	28,294.57	36,848.84
Outside India	-	-
Total non-current assets	28,294.57	36,848.84

Note - 46**Disclosure under Part III of the Schedule III of the Companies Act, 2013**

Name of the entity in the Group	Net assets i.e. total assets - total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
Kwality Limited - Parent								
31 March 2020	93.03%	(194,475.38)	89.14%	(12,874.40)	(5.36)%	56.10	82.76%	(12,818.30)
31 March 2019	93.85%	(181,657.07)	91.65%	(294,757.95)	3.00%	28.57	91.91%	(294,729.38)
Subsidiary - Foreign								
- Kwality Dairy Products FZE								
31 March 2020	6.97%	(14,568.10)	10.86%	(1,568.80)	105.36%	(1,102.28)	17.24%	(2,671.08)
31 March 2019	6.15%	(11,897.00)	8.35%	(26,856.96)	97.00%	925.31	8.09%	(25,931.65)
Total 2020	100.00%	(209,043.48)	100.00%	(14,443.20)	100.00%	(1,046.18)	100.00%	(15,489.38)
Total 2019	100.00%	(193,554.07)	100.00%	(321,614.91)	100.00%	953.88	100.00%	(320,661.03)

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

47. Creditors Claim w.r.t Kwaliti Limited on standalone basis

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

Sr. No.	Particulars	Claims Received*	Claims Admitted*
		(INR in lakhs)	(INR in lakhs)
1	Financial creditors		
	- Claim for Kwaliti Limited [#]	188,768.15	184,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the wholly owned subsidiary i.e. Kwaliti Dairy Products FZE (yet to be recognized in the books of account)	12,200.71	12,200.71
	Total Financial Creditors	200,968.86	197,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,610.78
3	Other claims	14,118.26	14,085.47

* Amount claimed till the insolvency commencement date and amount admitted on the basis of verification and collation of available information from the records of Kwaliti Limited.

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

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

- b. The Company has not provided any liability towards interest, penal interest charges and any foreign currency fluctuation on claims by financial creditors for the period w.e.f. the Insolvency Commencement Date, since as part of the CIRP, the claims for interest, penal interest charges and foreign currency fluctuation can impact their claims in Form C only till the date of commencement of CIRP in the Corporate Debtor. The aggregate claims submitted by the Financial Creditors exceeded the amount as appearing in the books of accounts. Pending the final outcome of the proceedings pending with NCLT as mentioned in note 1, no provision in the books of accounts has been made for excess claims submitted in respect of financial /operational/other creditors and no corresponding accounting effect in respect of such creditors has been given.

48. a. The tax payable (including interest upto insolvency commencement date) amounting to INR 18,828.43 lakhs under the Income Tax Act of 1961 ("IT Act") for the assessment years 2016-17, 2017-18 and 2018-19, which has not been paid by the Company has been provided in the books of accounts of the Company. It may be noted that the income tax department has already filed the claims (i.e. Form Bs) under the Insolvency and Bankruptcy Code, 2016 aggregating INR 24,290.52 lakhs (includes INR 5,567.93 lakhs w.r.t AY 2017-18 under section 140A, which has been inadvertently claimed twice), which includes claim towards tax payable for the assessment years 2016-17, 2017-18 and 2018-19, out of which claim aggregating INR 17,798.69 lakhs has been accepted by the RP.
- b. Basis the assessment proceedings under Section 132 under the IT Act, income tax authorities has recently raised demand amounting to INR 8,97,440.28 lakhs (including interest) beginning from AY 2011-12 till AY 2018-19. Demand has generally been raised u/s 143(3) and u/s 144 r.w.s. 153A of the IT Act, as applicable. 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.
- c. Income Tax authorities has belatedly also filed additional claim in Form B dated 31.12.2019 for INR 8,97,440.28 lakhs (including claim admitted of INR 17,798.69 lakhs) on 20.01.2020 with the Resolution Professional for the Company. As statutory period of completion of CIRP u/s 12 of the Code has come to an end on 5 November 2019 and the matter is subjudice before the Hon'ble NCLT for appropriate orders either under Section 31 or Section 33 of the Code (Refer Note 1), the Resolution Professional for the Company has not collated and verified the additional claim submitted by income tax authorities.
- d. There is an outstanding TDS of INR 482.67 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 31 March 2020. Interest payable on the outstanding TDS is estimated at INR 149.82 lakhs (includes INR 136.43 lakhs with respect to dues outstanding as on insolvency commencement date), which has not been recognised in the books of account. It may be noted that the Income Tax Authorities have filed a claim of INR 452.60 lakhs (includes interest of INR 42.12 lakhs) as on insolvency commencement date which has accepted by the RP.

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

49. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 31 March 2020 amounting to INR 28,214.19 lakhs and INR 62.91 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 31 March 2020 in the value of tangible and intangible assets.
50. Other Expenses" as stated in the income statement, include adjustment on these accounts, as enumerated below:

Particulars	Holding Company (A)	Subsidiary Company (B)	31 March 2020 (C= A+B)
INR in lakhs			
Provision for bad and doubtful debts	2,567.15	-	2,567.15
Provision for doubtful other current assets	223.13	-	223.13
Provision for doubtful advances	4,915.63	-	4,915.63
Provision for doubtful deposits	-	9.26	9.26
Write-off of other current assets	149.65	-	149.65
Write-off of Property, Plant and Equipment	183.91	-	183.91
Discard of Packing Material	133.77	-	133.77
Total	8,173.24	9.26	8,182.50

Particulars	Holding Company (A)	Subsidiary Company (B)	31 March 2019 (C= A+B)
INR in lakhs			
Provision for doubtful debtors	159,719.70	18,565.57	178,285.27
Bad Debts Written Off	10,251.16	-	10,251.16
Provision for doubtful advances	20,281.86	9,117.09	29,398.95
Scheme / Discount	76,084.61	-	76,084.61
Write-off of Property, Plant and Equipment	6,655.01	4.71	6,659.72
Impairment of Fixed Assets	-	203.13	203.13
Discard of Packing Material	212.87	-	212.87
Total	273,205.21	27,890.50	301,095.71

51. Kwality Dairy Products FZE, Wholly Owned Subsidiary of Kwality Limited ("KDPF")

- 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.
- In view of continuing default in payment of dues by KDPF, certain lenders have 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 have issued order for recovery of dues of Bank of Baroda, Dubai from KDPF. Although, Bank of Baroda, Dubai has already filled claim (i.e. Form C) with Kwality Limited which have been duly accepted (Refer Note 47).
- 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).

52. The Ministry of home affair vide order No. 40-3/2020-DM-I(A) dated 24 March 2020 exempted manufacturing units of essential commodities from nationwide lockdown imposed on account of Covid-19 pandemic. Hence the Company's key manufacturing unit at Softa (Haryana) continued to operate during lock down. The Company is under CIRP since 11 December 2018 and the application for

Notes to Consolidated Financial Statements for the year ended 31st March 2020

(All amount in INR lakhs, unless otherwise stated)

ordering initiation of liquidation process filed by RP is still pending diction before the Hon'ble NCLT (refer notes 1 and 2 of the notes to the accounts) and thus as per the requirement under the IBC, the Company continue to operate as a going concern. The Company believes that thus far, there is no significant impact of Covid-19 pandemic on the financial position and performance of the Company. Further, the Company is not expecting any significant change in estimates as of now as the Company is running the business and operations as usual.

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

For B. Rattan & Associates

Chartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar Karn

Membership no. 094790

Partner

For and on behalf of the Board of Directors of

Kwality Limited

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)

Chief Financial Officer

PAN : AAFPB5053P

Sd/-

(Shailendra Ajmera)

Resolution Professional

IP Registration no. IBBI/IPA-001/

IP-P00304/2017-18/10568

Sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No. FCS6763

Place : New Delhi

Date : 29 July 2020

Form AOC-I**(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)****Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures**

Part "A": Subsidiaries		
(Information in respect of each subsidiary to be presented with amounts in INR Lakhs)		
1	Sl. No.	1
2	Name of the subsidiary	Kwality Dairy Products FZE
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same 1 April 2019 to 31 March 2020
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	AED exchange Rate 20.54
5	Share capital	1,902.75
6	Reserves & surplus	(16,470.85)
7	Total assets	436.89
8	Total Liabilities	15,004.99
9	Investments	-
10	Turnover	-
11	Profit before taxation	(1,568.80)
12	Provision for taxation	-
13	Profit after taxation	(1,568.80)
14	Proposed Dividend	-
15	% of shareholding	100.00
Notes:	The following information shall be furnished at the end of the statement:	
	1. Names of subsidiaries which are yet to commence operations	Nil
	2. Names of subsidiaries which have been liquidated or sold during the year.	Nil

As per our Report of even date**For B. Rattan & Associates**Chartered Accountants
Firm's Registration No. : 011798N

Sd/-

Bishamver Kumar KarnMembership no. 094790
Partner**For and on behalf of the Board of Directors of****Kwality Limited**

CIN No.: L74899DL1992PLC255519

Sd/-

(Sharad Bhandari)Chief Financial Officer
PAN : AAFP5053P

Sd/-

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

Sd/-

(Pradeep K. Srivastava)Company Secretary
M.No. FCS6763Place : New Delhi
Date : 29 July 2020

If undelivered, please return to :

KWALITY LIMITED

Registered & Corporate Office:

KDIL House, F-82, Shivaji Place, Rajouri Garden,
New Delhi-110027

CIN: L74899DL1992PLC255519