

Date: September 14, 2020

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

Subject: Outcome of the Meeting chaired by Resolution Professional (“RP”)

Dear Sir/Madam,

We, hereby, inform that pursuant to Regulation 30 read with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Meeting held today i.e. September 14, 2020 concluded at 05:25 PM chaired by Resolution Professional along with the KMP of Kwality Limited to discuss and approve the following matters:

1. The Standalone and Consolidated Unaudited Financial Results for the quarter and three months ended as on 30th June, 2020.
2. The Limited Review Report given by the Statutory Auditors for the quarter and three months ended as on 30th June, 2020.

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

Thanking You,
For Kwality Limited

[Signature]

Pradeep K. Srivastava
Company Secretary & Compliance Officer
(Company Secretary & Compliance Officer)



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



Kwality Limited
(A company under Corporate
Insolvency Resolution Process as per
Insolvency & Bankruptcy Code, 2016 vide
NCLT order dated 15 September, 2018)

Kwality Limited

CIN : L74899DL1992PLC255519

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

Statement of Unaudited Standalone Financial Results for the Quarter ended 30 Jun 2020

(INR in Lakhs)

Sr.No	Particulars	Quarter Ended			Year Ended
		30 June 2020	31 March 2020	30 June 2019	31 March 2020
		Unaudited	Audited*	Unaudited	Audited
1	Income from Operations				
	(a) Revenue from operations	3,132.52	3,426.81	4,798.62	15,056.81
	(b) Other income	6.03	52.21	6.06	66.58
	Total Income	3,138.55	3,479.02	4,804.68	15,123.39
2	Expenses				
	(a) Cost of materials consumed	2,421.80	2,775.06	3,224.22	11,194.15
	(b) Purchases of stock-in-trade	-	(2.90)	2.90	-
	(c) Change in inventories of finished goods and work-in-progress	139.33	(153.57)	358.95	479.35
	(d) Employee benefits expense	195.42	234.46	438.32	1,248.35
	(e) Finance costs	-	-	-	-
	(f) Depreciation and amortisation expense	741.91	849.54	886.34	3,475.08
	(g) Other expenses	680.10	776.08	6,107.10	11,600.86
	Total Expenses	4,178.56	4,478.67	11,017.83	27,997.79
3	Profit/(Loss) Before Tax (1-2)	(1,040.01)	(999.65)	(6,213.15)	(12,874.40)
4	Tax expense:				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	-	-	-	-
	Total Tax Expenses	-	-	-	-
5	Net Profit/(Loss) for the Period after Tax (3-4)	(1,040.01)	(999.65)	(6,213.15)	(12,874.40)
6	Other Comprehensive Income/(Loss)				
	(a) Items that will not be reclassified to profit and loss	5.61	(17.90)	4.39	56.10
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-
	Total Other Comprehensive Income/(Loss)	5.61	(17.90)	4.39	56.10
7	Total comprehensive Income/(Loss) (5+6)	(1,034.40)	(1,017.55)	(6,208.76)	(12,818.30)
8	Earning per share of INR 1 each				
	(a) Basic (INR)	(0.43)	(0.41)	(2.57)	(5.33)
	(b) Diluted (INR)	(0.43)	(0.41)	(2.57)	(5.33)
9	Paid-up equity share capital (face value of INR 1 per equity share)	2,413.54	2,413.54	2,413.54	2,413.54
10	Other equity				(1,96,888.91)

* The figure for the quarter ended 31 March 2020 are the balancing figures between audited figures of the year ended 31 March 2020 and unaudited figures of the nine months period ended 31 December 2019

IP Registration no.

IBBI/PA-001/IP-P00304/2017-18/10568

Kwality Limited
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CIN L74899DL1992PLC255519

Notes to the Standalone Financial Results:

1. The Corporate Insolvency Resolution Process ("CIRP") in respect of Kwaliti Limited ("the Company" and/or "Corporate Debtor") was initiated vide Order dated 11 December 2018 ("Insolvency Commencement Date") passed by the Hon'ble National Company Law Tribunal, Delhi Bench, ("NCLT") on an application filed under Section 7 of the Insolvency & Bankruptcy Code, 2016 ("the Code") by KKR India Financial Services Private Limited. Mr. Shailendra Ajmera (IP Registration No. IBBI/IPA-001/IP-P00304/2017-18/10568) was appointed as the Interim Resolution Professional ("IRP") by the Hon'ble NCLT 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 06 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 04 November 2019 to their Resolution Plan offering more value, which was not considered by the CoC. Based on the instructions of the CoC, the RP on 08 November 2019, filed an application with the Hon'ble 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 06 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 06 December 2019.

The Resolution Applicant on 07 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 filed by the Resolution Applicant is decided by the Hon'ble NCLT.

On account of Government Advisory in the wake of Corona-19 virus (COVID - 19) and the notice dated 15 March 2020 issued by the Hon'ble President, NCLT based on such advisory, hearings on only urgent cases is taking place before the Hon'ble 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 results for the quarter ended 30 June 2020 have been prepared by the management of the Company and certified by Mr. Sharad Bhandari, Chief Financial Officer ("CFO") of the Company in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before, the RP, the CFO and the Company Secretary on 14 September 2020 for their consideration. Accordingly, the unaudited financial results were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 14 September 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 results solely in discharge of the powers of the Board of Directors being exercised by him in terms Section 17 of the Code, as the powers of the Board of Directors stand suspended during CIRP of the Company.

2. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2020 amounting to INR 27,477.42 lakhs and INR 57.74 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2020 in the value of tangible and intangible assets.

3. In accordance with the requirements of the IND AS-108 "Operating Segments", the Company's business consists of one reportable business segment i.e., "Manufacturing and Processing of Milk and Milk Products", hence separate disclosures pertaining to attributable revenue, profits, assets, liabilities and capital employed are not required.

4. Creditors Claim:

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

Sr. No.	Particulars	Claims Received*	Claims Admitted*
		(INR in lakhs)	(INR in lakhs)
1	Financial creditors		
	- Claim for Kwaliti Limited [#]	1,88,768.15	1,84,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the wholly owned subsidiary i.e. Kwaliti Dairy Products FZIE (yet to be recognized in the books of account)	12,200.71	12,200.71
	Total Financial Creditors	2,00,968.86	1,97,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,610.78
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

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



Notes to the Standalone Financial Results:

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.

5. Income Tax:

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.

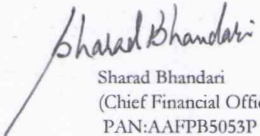
d. There is an outstanding TDS of INR 475.88 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2020. Interest payable on the outstanding TDS is estimated at INR 171.10 lakhs (includes INR 155.20 lakhs with respect to dues outstanding as on insolvency 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.

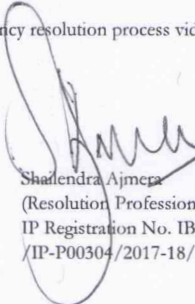
6. The Ministry of home affair vide order No. 40-3/2020-DM-I(A) dated 24 March 2020 exempted manufacturing units of essential commodities from nationwide lockdown imposed on account of Covid-19 pandemic. Hence the Company's key manufacturing unit at Softa (Haryana) continued to operate during lock down. 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 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.

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

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

Place: Delhi
Date: 14 September 2020


Sharad Bhandari
(Chief Financial Officer)
PAN:AAITPB5053P


Shailendra Ajmera
(Resolution Professional)
IP Registration No. IBB1/IPA-001/
IP-P00304/2017-18/10568

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



B. Rattan & Associates

Chartered Accountants

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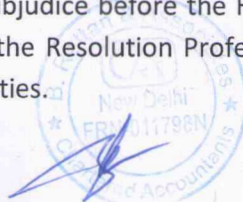
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Review Report to

The Resolution Professional of Kwaliti Limited

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Kwaliti Limited ('the company') for the period ended June 30, 2020 ("the Statement"). These Standalone Financial Statements have been prepared by the management of the Company and certified by Mr. Sharad Bhandari Chief Financial officer ('CFO'), and approved by the RP. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. We believe that our review provides a reasonable basis for our modified conclusion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. **Basis for Modified Conclusion**
 - a. The Company has incurred a Net loss of INR 1040.01 lakhs and erosion of its Net worth as at June 30, 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.



B. Rattan & Associates

Chartered Accountants

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New Rajdhani Enclave,
Near Preet Vihar Metro Station
Gate no. 1, New Delhi-110 092
Ph.no: 011-22448384

5. EMPHASIS OF MATTER

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

- a. 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 standalone financial statements.
- b. Attention is drawn to 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 consequently, 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 conclusion is not modified in respect of this matter.

6. Material Uncertainty on Going Concern

The Company has incurred cash losses, its liabilities exceeded total assets and its net worth has been fully eroded as on June 30, 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 filled 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 conclusion is not modified in respect of this matter.

For B RATTAN & ASSOCIATES

Chartered Accountants

Firm's Registration No. : 011798N



Bishamver Kumar Karn

Membership no. 094790

Partner

Place: New Delhi

Date: 14 September 2020



Kwality Limited
(A company under Corporate
Insolvency Resolution Process as per
Insolvency & Bankruptcy Code, 2016 vide
NCLT order dated 11 December, 2018)

Kwality Limited

CIN : L74899DL1992PLC255519

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

Statement of Unaudited Consolidated Financial Results for the Quarter ended 30 June 2020

(INR in Lakhs)

S.No	Particulars	Quarter Ended		Year Ended	
		30 June 2020	31 March 2020	30 June 2019	31 March 2020
		Unaudited	Audited*	Unaudited	Audited
1	Income from Operations				
	(a) Revenue from operations	3,132.52	3,426.81	4,798.62	15,056.81
	(b) Other income	6.03	52.47	6.06	75.64
	Total Income	3,138.55	3,479.28	4,804.68	15,132.45
2	Expenses				
	(a) Cost of materials consumed	2,421.80	2,775.06	3,224.22	11,194.15
	(b) Purchases of stock-in-trade	-	(2.90)	2.90	-
	(c) Change in inventories of finished goods and work-in-progress	139.33	(153.57)	358.95	479.35
	(d) Employee benefits expense	195.42	234.46	438.32	1,248.35
	(e) Finance costs	385.12	411.75	245.22	1,557.78
	(f) Depreciation and amortisation expense	741.91	849.54	886.34	3,475.08
	(g) Other expenses	680.10	776.90	6,110.54	11,620.95
	Total Expenses	4,563.68	4,891.24	11,266.49	29,575.66
3	Profit/(Loss) Before Tax (1-2)	(1,425.13)	(1,411.96)	(6,461.81)	(14,443.21)
4	Tax expense:				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	-	-	-	-
	Total Tax Expenses	-	-	-	-
5	Net Profit/(Loss) for the Period after Tax (3-4)	(1,425.13)	(1,411.96)	(6,461.81)	(14,443.21)
6	Other Comprehensive Income/(Loss)				
	(a) Items that will not be reclassified to profit and loss	5.61	(17.90)	4.39	56.10
	(b) Income tax relating to items that will not be reclassified to profit and loss	-	-	-	-
	(c) Items that will be reclassified to profit and loss	(37.39)	(758.06)	74.63	(1,102.28)
	Total Other Comprehensive Income/(Loss)	(31.78)	(775.96)	79.02	(1,046.18)
7	Total comprehensive Income/(Loss) (5+6)	(1,456.91)	(2,187.92)	(6,382.79)	(15,489.39)
8	Earning per share of INR 1 each				
	(a) Basic (INR)	(0.59)	(0.58)	(2.68)	(5.98)
	(b) Diluted (INR)	(0.59)	(0.58)	(2.68)	(5.98)
9	Paid-up equity share capital (face value of INR 1 per equity share)	2,413.54	2,413.54	2,413.54	2,413.54
10	Other equity				(2,11,457.00)

* The figure for the quarter ended 31 March 2020 are the balancing figures between audited figures of the year ended 31 March 2020 and unaudited figures of the nine months period ended 31 December 2019

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In the meantime, the Resolution Applicant filed an application with the NCLT on 06 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 06 December 2019.

The Resolution Applicant on 07 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 filed by the Resolution Applicant is decided by the Hon'ble NCLT.

On account of Government Advisory in the wake of Corona-19 virus (COVID - 19) and the notice dated 15 March 2020 issued by the Hon'ble President, NCLT based on such advisory, hearings on only urgent cases is taking place before the Hon'ble 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 results for the quarter ended 30 June 2020 have been prepared by the management of the Company and certified by Mr. Sharad Bhandari, Chief Financial Officer ("CFO") of the Company in accordance with Regulation 33(2) of the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

The unaudited financial results were placed before, the RP, the CFO and the Company Secretary on 14 September 2020 for their consideration. Accordingly, the unaudited financial results were considered, recommended and approved in the meeting. In view thereof, the RP, in reliance of such examination and the representations, clarifications and explanations by the CFO, has approved the same. To the extent, these unaudited financial results indicate or confirm to events prior to the appointment of RP, the confirmation is being provided only by the CFO. The RP is relying on the representation letter dated 14 September 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 results solely in discharge of the powers of the Board of Directors being exercised by him in terms Section 17 of the Code, as the powers of the Board of Directors stand suspended during CIRP of the Company.

2. The carrying value of tangible assets (including capital work in progress of INR 662.16 lakhs) and intangible assets as at 30 June 2020 amounting to INR 27,477.42 lakhs and INR 57.74 lakhs respectively. The CIRP of the Company is yet to be concluded, hence the final outcome is yet to be ascertained. The Company has not taken into consideration any impact on the value of the tangible and intangible assets, if any, in preparation of financial statements as required by Ind-AS 10 on "Events after the reporting period". Further, the Company has also not made full assessment of impairment as required by Ind-AS 36 on Impairment of Assets, if any, as at 30 June 2020 in the value of tangible and intangible assets.

3. In accordance with the requirements of the IND AS-108 "Operating Segments", the Company's business consists of one reportable business segment i.e., "Manufacturing and Processing of Milk and Milk Products", hence separate disclosures pertaining to attributable revenue, profits, assets, liabilities and capital employed are not required.

4. Creditors Claim:

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

Sr. No.	Particulars	Claims Received*	Claims Admitted*
		(INR in lakhs)	(INR in lakhs)
1	Financial creditors		
	- Claim for Kwaliti Limited [#]	1,88,768.15	1,84,844.25
	- Claim for Corporate guarantees given by the Company for credit facility availed by the wholly owned subsidiary i.e. Kwaliti Dairy Products FZE (yet to be recognized in the books of account)	12,200.71	12,200.71
	Total Financial Creditors	2,00,968.86	1,97,044.96
2	Operational creditors (including Employees & workers)	36,721.32	28,610.78
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

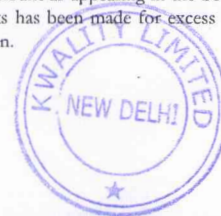
Consequential impact of claims being higher than the book balances, if any, has not been considered and will be appropriately dealt with basis the outcome of the proceedings pending with NCLT going forward. Refer note 1 for further details.

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.



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

Sharad Bhandari



Notes to the Consolidated Financial Results:

5. Income Tax:

- 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 475.88 lakhs (includes INR 417.11 lakhs outstanding as on insolvency commencement date) payable as on 30 June 2020. Interest payable on the outstanding TDS is estimated at INR 171.10 lakhs (includes INR 155.20 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.

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

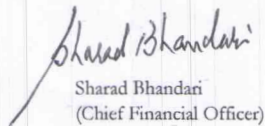
- a. The trading license of KDPF, which has discontinued the business during the previous financial years, has expired on 30 October 2019. Consequently, KDPF will no longer be able to carry out any business activities.
- b. In view of continuing default in payment of dues by KDPF, certain lenders have sent notices / letters recalling their loans given and further issued legal notices and / or filed petition / cases for recovery of loans before various authorities.
- c. 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 Kwaliti Limited which have been duly accepted (Refer Note 4).
- d. KDPF current assets and liabilities are stated at the values at which they are realizable and payable.
- e. KDPF investment property(s) is valued on the basis of realizable value (assets are held for sale).

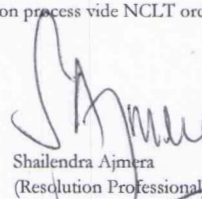
7. The Ministry of home affair vide order No. 40-3/2020-DM-I(A) dated 24 March 2020 exempted manufacturing units of essential commodities from nationwide lockdown imposed on account of Covid-19 pandemic. Hence the Company's key manufacturing unit at Softa (Haryana) continued to operate during lock down. 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 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.

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

For Kwaliti Limited

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


Sharad Bhandari
(Chief Financial Officer)
PAN:AAFPPB5053P


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

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

Place: Delhi
Date: 14 September 2020



B. Rattan & Associates

Chartered Accountants

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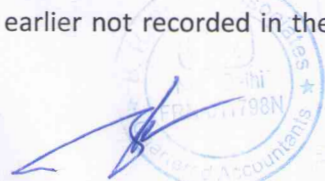


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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

UDIN:20094790AAAABA9834**Review Report to****The Resolution Professional of Kwaliti Limited****(A company under Corporate Insolvency Resolution Process ('CIRP') as per NCLT order)**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Kwaliti Limited ('The Parent') reviewed by us and its subsidiary reviewed by other auditors (the parent and its subsidiary together referred to as "the Group") and its proportionate share of the profit/ Loss after tax and its comprehensive income/ loss of its subsidiary for the period ended June 30, 2020 ("the Statement"). These Consolidated Financial Statements have been prepared by the management of the Company and certified by Mr. Sharad Bhandari Chief Financial officer ('CFO'), and approved by the RP. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. We Believe that our review provides a reasonable basis for our modified conclusion.
3. The Statement includes the results of the following entity:
Subsidiary
(i) Kwaliti Dairy Products FZE
4. Based on our review conducted as above, except for the effects of the matters described in the Basis of Modified Conclusion paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **Basis for Modified Conclusion**
 - a. The Company has incurred a Net loss of INR 1425.13 lakhs and erosion of its Net worth as at June 30, 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.

6. EMPHASIS OF MATTER

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

- a. 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 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 consequently, loss and total comprehensive loss for year ended would also have been higher, having consequential impact on other current financial liability and other equity.
- c. Attention is drawn to Kwaliti Dairy Products FZE, Wholly Owned Subsidiary of Kwaliti Limited ("KDPF"). The trading license of KDPF, which has discontinued the business during the previous financial years expired on 30 October 2019. Consequently, KDPF is no longer able to carry out any business activities. In view of continuing default in payment of dues by KDPF, certain lenders sent notices / letters recalling their loans given and further issued legal notices and/or filed petition/cases for recovery of loans before various authorities. Court of Dubai on 12 November 2019 issued order for recovery of dues of Bank of Baroda, Dubai from KDPF. Although, Bank of Baroda, Dubai has already filled claim (i.e. Form C) with Kwaliti Limited which have been duly accepted (Refer Note 4). 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 conclusion is not modified in respect of this matter.



7. Material Uncertainty on Going Concern

The Company has incurred cash losses, its liabilities exceeded total assets and its net worth has been fully eroded as on June 30, 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 conclusion is not modified in respect of this matter.

For B RATTAN & ASSOCIATES
Chartered Accountants
Firm's Registration No. : 011798N


Bishamver Kumar Karn
Membership no. 094790
Partner

Place: Delhi
Dated: 14 September 2020