



Date: May 26, 2017

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)

Subject: Outcome of the Board Meeting of Kwality Limited

Dear Sir/Madam,

This is to inform you that the meeting of Board of Directors of Kwality Limited held on Friday, May 26, 2017 at its registered office at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi-110027 is concluded at 5.30 PM and the following matters were discussed:

1. The Board of Directors discussed and approved the Standalone and Consolidated Audited Financial results for the quarter and year ended as at March 31, 2017.
2. The Board discussed and approved the statement of assets and liabilities for the quarter and year ended as at March 31, 2017.
3. The Board discussed and approved the Auditor's Report for the year ended as at March 31, 2017.
4. The Board of Directors discussed and recommends a dividend of Rs 0.10 per equity shares (i.e @ 10% of face value) for the financial year 2016-17 subject to the approval of members of the company at the ensuing Annual General Meeting of the Company.

Kindly take the above information on your record in compliance to Listing Agreement.

Thanking You,
For Kwality Limited
For Kwality Limited


Pradeep K. Srivastava
(Company Secretary & Compliance Officer)



Statement of Audited Standalone and Consolidated Financial Results for the Quarter & Year ended 31 March 2017

S.No	Particulars	Standalone						(₹ in lakhs)	
		Quarter Ended			Period Ended			Consolidated	
		31 March 2017	31 December 2016	31 March 2016	31 March 2017	31 March 2016		31 March 2017	31 March 2016
		Audited	Unaudited	Audited	Audited	Audited		Audited	Audited
1	Income from Operations								
	(a) Income from Operations	1,53,392.92	1,58,295.31	1,42,213.75	6,13,068.41	5,65,813.94		6,87,124.86	6,34,796.35
	(b) Other Operating Income	44.29	6.99	2.45	58.13	13.33		58.13	13.33
	Total Income from Operations	1,53,437.21	1,58,302.30	1,42,216.20	6,13,126.54	5,65,827.27		6,87,182.99	6,34,809.68
2	Expenses								
	(a) Cost of materials consumed	1,30,769.10	1,32,570.63	1,14,290.23	4,90,087.73	3,72,393.27		4,90,087.73	3,72,393.27
	(b) Purchases of stock-in-trade	15,825.46	17,916.50	15,082.27	77,688.71	1,31,527.72		1,48,340.11	1,96,209.88
	(c) Change in inventories of finished goods, stock in trade and work-in-progress	(9,955.56)	(8,611.17)	656.27	(16,714.68)	12,542.40		(17,970.33)	12,394.04
	(d) Excise duty expense	2.11	0.70	0.10	4.00	0.16		4.00	0.16
	(e) Employee benefit expense	900.20	1,001.32	1,048.34	3,785.43	3,582.51		4,007.98	3,740.89
	(f) Depreciation and amortisation expense	1,274.27	298.97	541.39	2,171.39	2,283.48		2,233.32	2,336.65
	(g) Other expenses	5,356.92	4,663.09	3,357.11	17,073.79	11,103.74		17,353.52	11,425.71
	Total Expenses	1,44,172.50	1,47,840.04	1,34,975.71	5,74,096.37	5,33,433.28		6,44,056.33	5,98,500.60
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items (1-2)	9,264.71	10,462.26	7,240.49	39,030.17	32,393.99		43,126.66	36,309.08
4	Other Income	(248.77)	503.38	1,567.40	1,330.66	2,941.94		1,370.18	2,978.82
5	Profit from Ordinary Activities before Finance Costs and Exceptional Items (3+4)	9,015.94	10,965.64	8,807.89	40,360.83	35,335.93		44,496.84	39,287.90
6	Finance Costs	5,253.38	4,070.39	3,293.17	16,990.27	14,831.76		18,141.43	15,848.91
7	Profit from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	3,762.56	6,895.25	5,514.72	23,370.56	20,504.17		26,355.41	23,438.99
8	Exceptional Items								
9	Profit from Ordinary Activities before Tax (7-8)	3,762.56	6,895.25	5,514.72	23,370.56	20,504.17		26,355.41	23,438.99
10	Tax Expenses/(income) (including Deferred tax)	276.74	2,386.01	3,056.01	6,940.51	7,042.46		6,940.50	7,042.46
11	Net Profit from Ordinary activities after Tax (9-10)	3,485.82	4,509.24	2,458.71	16,430.05	13,461.71		19,414.91	16,396.53
12	Extraordinary Items (Net of tax expense)								
13	Net Profit for the period (11-12)	3,485.82	4,509.24	2,458.71	16,430.05	13,461.71		19,414.91	16,396.53
14	Other Comprehensive Income (net of tax)	(8.94)	2.46	20.64	(1.50)	16.91		(162.12)	387.11
15	Total Comprehensive Income	3,476.88	4,511.70	2,479.35	16,428.49	13,478.62		19,252.79	16,783.64
16	Paid up Equity Share Capital (Face Value ₹ 1/- each)	2,373.56	2,368.39	2,239.12	2,373.56	2,239.12		2,373.56	2,239.12
17	Reserve excluding Revaluation Reserve				97,479.37	74,066.30		1,09,356.60	83,119.27
18	Earning per share (before extraordinary items) of ₹ 1/- each								
	(a) Basic (₹)	1.47	1.91	1.12	6.97	6.15		8.24	7.49
	(b) Diluted (₹)	1.46	1.91	1.31	6.94	6.00		8.20	7.31

For KWALITY LIMITED

Managing Director



Notes

- The above results were audited by the statutory auditors and approved by the audit committee and taken on record by the Board of Directors in their meeting held on 26 May 2017. The figures between audited figures in respect of full year and published year-to-date figures upto the third quarter of the current financial year.
- The Company has adopted Indian Accounting Standards ('Ind AS') from 1 April 2016 (transition date being 1 April 2015) and accordingly, these financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 as amended by Companies (Indian Accounting Standard) Rules, 2016. These financial results have been prepared in accordance with recognition and measurement principles in Ind AS 34 - Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- The Ind AS financial results and financial information for the period ended 31 March 2016 have not been subjected to any limited review or audit. However, the management has exercised due diligence to ensure that the financial results provide a true and fair value of the results in accordance with Ind AS.
- Reconciliation of equity attributable to the shareholders of the Company:

Particulars	(₹ in lakhs)
As at 31 March 2016 (Audited)	
Total equity reported under previous GAAP	77,369.15
Impact of effective interest rate adjustment on borrowings	54.38
Impact of financial assets at amortised cost	(0.43)
Impact of proposed dividend	281.97
Impact of prior period expenses	(1,380.82)
Deferred tax impact	(18.83)
Total equity under Ind AS	76,305.42

- Reconciliation of net profit after tax as previously reported under Indian GAAP and Ind AS for the quarter and year ended 31 March 2016:

Particulars	(₹ in lakhs)	
	For three months ended 31 March 2016 (Audited)	For year ended 31 March 2016 (Audited)
Profit after tax as reported under previous GAAP	3,335.18	14,424.79
Adjustments on account of:		
Impact of effective interest rate adjustment on borrowings	(151.50)	(91.89)
Impact of financial assets at amortised cost	(0.10)	(0.42)
Impact of proposed dividend	(111.79)	(309.25)
Impact of prior period expenses	(576.42)	(576.41)
Deferred tax impact	(16.02)	31.80
Actuarial loss through other comprehensive income	(20.64)	(16.91)
Net profit as per Ind AS	2,458.71	13,461.71

- The Company operates in only one segment of Dairy Products.
- The Company in its Securities Allotment Committee meeting held on 23 January 2017 and 07 April 2017 allotted 5,17,000 and 4,88,900 Equity Shares pursuant to exercise of Stock Option under "Kwality Employee Stock Option Plan 2014".
- The certificate obtained from the Managing Director and CFO in respect of above results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before Board of Directors.
- The Company has started its commercial production at Softa-III unit from 02 February 2017.
- The figures for the previous quarter have been regrouped/ rearranged wherever necessary.

Place : New Delhi
Date: 26 May 2017

By Order of the Board
For Kwality Limited

Sanjay Dhingra
(Managing Director)

FOR KWALITY LIMITED
Managing Director



Statement of Assets and Liabilities

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
ASSETS				
Non-current assets				
Property, plant and equipment	42,981.57	6,388.15	43,135.27	6,493.26
Capital work-in-progress	662.15	19,406.44	662.15	19,406.44
Other intangible assets	134.22	138.68	622.06	610.42
Financial assets			134.22	138.68
Investments	1,902.75	1,902.75	-	-
Loans	68.89	50.69	87.27	67.92
Other financial assets	264.15	72.58	264.15	72.58
Deferred tax assets (net)	822.67	2,571.64	822.67	2,571.64
Other non-current assets	27,167.44	16,442.01	27,167.44	16,442.01
	74,003.84	46,972.94	72,895.23	45,802.95
Current assets				
Inventories	31,091.85	14,260.64	35,142.20	17,055.33
Financial Assets				
Trade receivables	1,37,347.48	1,41,918.55	1,57,918.59	1,65,537.54
Cash and cash equivalents	8,028.29	3,330.98	8,402.94	5,040.88
Other bank balances	632.38	2,107.23	2,924.52	3,602.74
Loans	99.41	80.86	99.41	80.86
Other current assets	23,339.83	17,418.00	25,441.68	17,814.21
	2,00,539.24	1,79,116.26	2,29,929.34	2,09,131.56
	2,74,543.08	2,26,089.20	3,02,824.57	2,54,934.51
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2,373.56	2,239.12	2,373.56	2,239.12
Other equity	97,479.37	74,066.30	1,09,356.60	83,119.27
Total of Equity	99,852.93	76,305.42	1,11,730.16	85,358.39
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	49,999.61	25,168.09	50,311.92	25,459.38
Other financial liabilities	1,027.56	-	1,027.56	-
Provisions	270.24	183.22	270.24	183.22
	51,297.41	25,351.31	51,609.72	25,642.60
Current liabilities				
Financial liabilities				
Borrowings	93,694.30	1,03,286.19	1,08,652.15	1,21,459.32
Trade payables	8,674.22	3,933.59	9,686.27	5,211.24
Other financial liabilities	9,757.35	6,554.65	9,879.40	6,619.34
Other current liabilities	5,932.27	6,142.12	5,932.27	6,127.70
Provisions	240.17	89.86	240.17	89.86
Current tax liabilities (net)	5,094.43	4,426.06	5,094.43	4,426.06
	1,23,392.74	1,24,432.47	1,39,484.69	1,43,933.52
	2,74,543.08	2,26,089.20	3,02,824.57	2,54,934.51



By Order of the Board
For Kwality Limited

For KWALITY LIMITED

Sanjay Dhirga
(Managing Director)

Managing Director

Place: New Delhi
Date: 26 May 2017

P. P. MUKERJEE & ASSOCIATES

Chartered Accountants

11-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-110059.
Email ca.ppmukerjee@gmail.com
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Independent Auditor's Report

To the Members of Kwality Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Kwality Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors 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 Ind AS financial statements that give a true and fair view of the state of affairs of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards('Ind AS') 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.



We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2017, and its profit including other comprehensive income, its cash flows and statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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) the balance sheet, the statement of profit and loss, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of accounts;
- d) in our opinion, the aforesaid standalone Ind AS financial statements comply with Accounting Standards specified under Section 133 of the Act read with the relevant rule issued thereunder;
- e) on the basis of the written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report on "Annexure B" and;
- g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- refer Note 38 to the standalone Ind AS financial statements.
 - ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, 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;
- h) the Company has made requisite disclosures in these standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company, refer Note 43 to the standalone Ind AS financial statement.

For P.P. Mukerjee & Associates
Chartered Accountants
Firm's Registration No.: 023276

mukerjee

P.P. Mukerjee
Proprietor
Membership Number: 089854
Place: New Delhi
Date: 26th May 2017



Annexure A

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed have been properly dealt with in the books of account.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanation given to us, the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security is not applicable to the Company under review.
- (v) In our opinion, the Company has not accepted any deposits within the mean of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) **In Respect to Statutory Dues:**

According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with appropriate authorities, except



undisputed amount of Income Tax Liability of Rs. 4334.06 lacs (previous year Rs. 4163.12 lacs) outstanding as at the last day of the financial year for a period exceeding six months from the date it became payable.

- (b) According to the information and explanation given to us, there are no dues of income tax, service tax, custom duty, excise duty which have not been deposited with the appropriate authorities on account of any dispute except as under.

Name of the statute	Nature of dues	Amount unpaid (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Haryana Livestock Development Board, Gurgaon.	Milk Cess	208.87 (187.65 deposited against 396.52 under protest)	2002-2017	Supreme Court of India
Haryana Livestock Development Board, Gurgaon.	Interest on Milk Cess	2552.95	2002-2017	Supreme Court of India
Uttar Pradesh VAT	VAT	16.13(24.30 deposited against 40.43 under protest)	2012-2015	Additional Commissioner (Appeal), Ghaziabad, UP
Kerala VAT	VAT	1.40	2013-14	High Court (Kerala)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year under review.
- (ix) The Company did not raise monies by way of initial public offer or further public offer (including debt instruments). The monies raised by way of term loans obtained during the year have been utilized by the Company for the purpose they have been raised.
- (x) According to the information and explanation given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year covered by our audit.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the managerial remuneration paid by the Company during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.



- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has made preferential allotment of shares and compulsory convertible debentures. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **P.P. Mukerjee & Associates**
Chartered Accountants
Firm's Registration No. 082327

mukerjee



P.P. Mukerjee
Proprietor
Membership No.: 089854

Place: New Delhi
Date: 26th May, 2017

Annexure B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Kquality Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is 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 the 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, as required under the Companies Act, 2013.

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 the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note 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 were established and maintained and if such controls operated effectively in all material respects.

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 included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence as obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control 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 control 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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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 error or fraud 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 control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company in all material respects, have an adequate internal financial controls system over financial reporting and thus we cannot comment that such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

For **P.P. Mukerjee & Associates**
Chartered Accountants
Firm's Registration No. 089854



P.P. Mukerjee
Proprietor
Membership No.: 089854



Place: New Delhi
Date: 26th May, 2017

P. P. MUKERJEE & ASSOCIATES

Chartered Accountants

11-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-110059.
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Mobile: 9711009361

Independent Auditor's Report

To the Members of Kwality Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Kwality Limited** ("the Holding Company"), which comprise the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and Consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors 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 Ind AS financial statements that give a true and fair view of the state of affairs of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the financial position of the Company as at 31st March 2017, and their consolidated profit including other comprehensive income, their consolidated cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 purpose 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) the consolidated balance sheet, the consolidated statement of profit and loss, the statement of consolidated cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of accounts;
- d) in our opinion, the aforesaid consolidated Ind AS financial statements comply with Accounting Standards specified under Section 133 of the Act read with the relevant rule issued thereunder;
- e) on the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 and taken on record by the Board of Directors of Holding Company, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, we can't comment on the consolidated financial statements because the subsidiary company is incorporated outside India, of which audit in respect to internal financial control is not being done by us.
- g) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements- Refer Note 38 to the Consolidated Ind AS financial statements.
 - ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, 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 **P.P. Mukerjee & Associates**

Chartered Accountants

Firm's Registration Number: 089854

mukerjee



P.P. Mukerjee

Proprietor

Membership Number: 089854

Place: New Delhi

Date: 26th May, 2017



Date: May 26, 2017

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)

Subject: Declaration regarding Audit Report with unmodified opinion with respect to Annual Audited Financial Results for the Financial Year ended 31st March, 2017

Pursuant to Regulation 33(3) (d) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI circular No. CIR/CFD/CMD/56/2016 dated 27th May, 2016, it is hereby declared and confirmed that M/s. P.P. Mukerjee & Associates, Chartered Accountants, Statutory Auditor of the Company have issued an Audit Report with unmodified opinion on Annual Audited Financial Results (Standalone and Consolidated) of the Company for the Financial Year ended on 31st March, 2017.

Kindly take the above information on record.

Thanking You,
For Kwality Limited

For KWALITY LIMITED

Sanjay Dhingra
(Managing Director)

